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THE ROUND TABLE

A QUARTERLY REVIEW OF THE POLITICS OF THE
BRITISH COMMONWEALTH

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THE BRITISH COMMONWEALTH, FREEDOM AND THE SEAS

THE Australian Government recently suggested that the next Imperial Conference should take place in the autumn of this year, and though the date has not yet been decided it is probable that the Conference will assemble some time within the next twelve months. It seems worth while, therefore, to attempt some general estimate of the problems which confront the British Commonwealth in the present age.

I. THE NATURE OF THE COMMONWEALTH

THE British Commonwealth of Nations, as the British Empire has now been officially renamed, is a system of human government resting upon certain moral ideas. It is a political system whereby the laws which govern the personal, social, economic and political relations between some 450,000,000 people, belonging to almost every known race, colour, civilisation and religion, who collectively number more than a quarter of the human race and inhabit about a quarter of the land surface of the globe, are promulgated, altered and enforced by constitutional and not by arbitrary means.

General Smuts has recently observed that the modern British Commonwealth is the greatest instrument for good which exists in the world. Certainly no other political institution unites so many varied peoples, of such differing

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civilisations and engaged in such diverse pursuits, in an organic whole, in which they are morally bound not to think of themselves alone, but to live together as a community, having responsibilities to one another and for the justice and reasonableness of the laws and institutions under which they jointly live. It is certainly true that the peoples of which the Commonwealth is composed would be morally poorer and that the world itself would move back towards chaos and tyranny and war if the Commonwealth were destroyed.

Though the Commonwealth is extraordinarily flexible and continually changing in the outward forms of its organisation, it now rests upon four main unchanging moral ideas—the reign of law constitutionally defined, sometimes called peace; individual liberty; nationality; and responsible government.

Peace. The Commonwealth is a political system within which it is illegal to try to settle any personal or social problem by violence instead of by an appeal to the law courts, the legislatures, or to other pacific means established under the constitution. People may criticise the justice of certain judicial decisions or the wisdom of the laws passed by certain legislatures, or they may contest the title of certain constitutional authorities to exercise their powers, because of the way in which they are composed. But no sensible person will deny that the *Pax Britannica* is a fact and that it substitutes for the reign of violence a reign of law, whereby disputes of every kind can be and are settled by an appeal to legal or political tribunals which endeavour to apply good-will and common-sense, justice and reason to the problem before them, and the use of force is limited to police purposes only. The primary basis of the British Commonwealth is the absolute outlawry of war within its boundaries.

Personal Liberty. The second foundation of the British Commonwealth is the liberty of the individual. This immortal idea, the most precious and important of all social

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rights, legally established in England by the long struggle which lasted from Magna Charta in 1215 to the Bill of Rights in 1688, and protected by countless enactments and judicial decisions, is the basis of law everywhere in the British Commonwealth. This is not always perfectly realised. Liberty may be denied to individuals by fraud or corruption or ignorance here and there. It may for short periods be temporarily suspended in cases of civil emergency or foreign war. But nowhere in the British Empire can it be constitutionally destroyed, nor has it ever, even in times of emergency, been long suspended.

What this means may be realised by considering the consequences in other countries of extravagant idealisms, communistic, nationalist, racial or religious, which have recently triumphed at the expense of the older and far more important ideal of personal liberty. In Russia, in Italy, in many other countries of Europe, and in most parts of Asia outside the British Commonwealth, the liberty of the individual is at the mercy of the caprice of government, whether constitutional or revolutionary. The right of assembly, the freedom of the press, the right of asylum, the integrity of the courts, the immunity of the individual from unlawful arrest, even the right of private judgment, are all habitually denied. The people may enjoy national independence; they may be able to try various experiments such as socialism, or some new but arbitrary form of law and order after a period of chaos; but they have not the most precious of all rights, security that the law and the courts will secure to them as individuals the advantages of liberty and justice, whatever government may be in power.

Nationality. The third foundation of the British Commonwealth is nationality. This has been a plant of slow and recent growth. Even to-day it is difficult for many English people to realise the passionate determination of other peoples to develop their language, culture and individuality on independent lines of their own, and that the world would be a poorer place if everything were levelled

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to the dead uniformity of British culture. The main reason for this lack of sympathy with the sentiment of independent nationality is easy to discern. In the course of her five desperate struggles against autocracy, against Philip II. of Spain and the Counter-Reformation, against Louis XIV. and the Stuart reaction, against the attempt of the *ancien régime* in France to dominate both Europe and the New World, against Napoleon, and finally against William II. of Germany, Great Britain developed a constitution and a spirit which, though it enabled her to save political liberty for the world, made her unresponsive to movements which seemed to weaken her own internal unity and strength. While from the world point of view, the British have been the principal champions of freedom, from the domestic standpoint their aristocratic traditions have made them slow to recognise the claims of democracy, social equality and national independence. It was this lack of sympathy which produced the American war of independence and half the difficulties of the fifty years which ended in the world war, when her oversea settlements were changing from Crown colonies into nations or self-governing colonies. Even to-day it is a factor which contributes to the reluctance of the Dutch in South Africa and the French in Canada, and of Indians, Arabs and other inhabitants of Asia and Africa to accept loyally membership of the Commonwealth. But the principle of full freedom for nationality within the Commonwealth is now fully acknowledged. It was established once and for all in the Anglo-Irish treaty.

To-day it is this very recognition of the place of independent nationality within the Commonwealth which gives it its unique character and makes it the most fateful experiment in government which has been tried in history. For never before has it been possible to combine independent nations within a larger unity. The Greeks discovered how to apply self-government to a city State; the British, through the discovery of the representative system, extended

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self-government to a whole nation. The Americans, through the federal system, included an area as large as Europe within the boundaries of a single self-governing State. The peoples of the British Commonwealth have now laid the foundations of a commonwealth of many nations and so are establishing the principle upon which alone it will be possible eventually to unite all nations within a world-wide commonwealth.

Responsible Government. The fourth foundation of the Commonwealth is responsible government. This is not quite the same as democracy in the sense in which that overworked word is generally used. Responsible government must be democratic, but it is not synonymous with the crude idea which interprets democracy as the substitution of the blind will of the people for the blind will of an autocrat or an oligarchy, as the basis of government. Responsible government is more than "government of the people, by the people, for the people." It is a system under which government is responsible to the people, who, in turn, instead of being merely selfish or irresponsible, recognise their duty to be responsive to moral principle and public right.

The split between Great Britain and the American colonies was in great measure due, on the one side to the desire of the aristocracy of Great Britain to exercise irresponsible power and on the other side to the desire of the American colonists to enjoy irresponsible freedom. To-day not only have Ireland, Canada, Australia, South Africa and New Zealand assumed responsibility for their own internal affairs, but they share with Great Britain the responsibility for foreign policy and for helping to maintain the peace of the world—a responsibility which the United States still finds it difficult to assume.

In 1917 a decisive step forward was taken when the British Government announced that the purpose of British rule in India was "the gradual development of self-governing institutions with a view to the progressive

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realisation of responsible government in India as an integral part of the British Empire." Since then the declared purpose of the whole Commonwealth has been to entrust the responsibility for their own government to all the races and peoples within its borders as rapidly as possible—as soon, that is to say, as they show that they possess that sense of public responsibility without which true democratic government is impossible. Hence the reformed constitutions of India in 1920, of Ceylon in 1923, of Jamaica in 1925, of Malta in 1921 and so on.

Within the British Commonwealth to-day one quarter of the inhabitants of the globe comprising every known race, religion, colour and civilisation, some in immense groups like India, others in smaller groups such as the colonies of Africa or the islands of the West Indies, are struggling, by constitutional and not by revolutionary means, to transform the old traditional benevolent autocracy into that form of responsible democracy which is best suited to their needs. The task is beset with extraordinary difficulties. Those who have exercised power so long find it difficult to let it go, especially as they realise that their own withdrawal involves an increase, at least for a time, in corruption and inefficiency. The local politicians, intoxicated by their first taste of nationality or freedom, are apt to consider that all that responsible government implies is the transfer of political power to party leaders of their own race, or colour, or religion, forgetting that the essence of the Commonwealth is not to substitute domination by one group for domination by another, or to dissolve unity into an anarchy of nations or races, but to maintain a constitutional system which will give peace, unity, freedom, opportunity, justice and responsibility to every individual and nationality within it. Slowly, yet on the whole peacefully, the extension of responsible government is going on. Racism, colour prejudice, ignorance, pride, class and caste make difficulties on every side. But all the time the real difficulties which have to be surmounted are becoming

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clearer, the power of theory and passion and prejudice is growing less, and the moral foundations upon which true responsible government must rest are being discerned.

II. PROBLEMS AHEAD

SO much for the fundamental principles upon which the Commonwealth rests. What are the problems which lie ahead and which the Imperial Conference will have to consider?

The first is the international problem: how, in co-operation with other civilised nations, to end a system under which every State relies primarily upon armaments for its security—a system of international anarchy which always has ended and always must end in war—and to substitute for it a constitutional method whereby all international problems can be settled by an appeal to reason and justice, and not by an appeal to force.

The second is the problem of the internal organisation of the Empire arising out of the decisions of the last Imperial Conference, and of the gradual extension of responsible government to the Asiatic and African members of the Commonwealth.

The third is the economic problem, which involves the reconsideration of the economic relations of the units of the Empire *inter se* and with the rest of the world, and the elimination of the chronic poverty which still affects Great Britain and has always been the chief bane of the native peoples of Asia and Africa.

III. INTERNATIONAL PEACE

IF there is one lesson which stands out clearly from the events and discussions of the last fifteen years, it is that no nation can now preserve peace for itself by isolation. The world is shrinking daily through the discoveries of natural

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science. Every State is becoming more and more dependent for its prosperity on international trade. War anywhere, not only means the impoverishment of international markets and the interruption of trade routes, but it is liable, like a prairie fire, to spread in all directions, as it did in 1914. Not only is the policy of trying to obtain peace for oneself and not for mankind an impossible policy, it is an immoral policy. Just as it is the primary obligation of the citizen within the State to co-operate in the maintenance of peace by upholding the reign of law by paying taxes and other forms of public service, so it is a primary obligation of nationhood to co-operate in the maintenance of peace by helping to establish a reign of law throughout the world.

Since 1918 two main international instruments have been created with this object. Under the first, the Covenant of the League of Nations, its members undertake not only to meet one another regularly round a common table at Geneva for the discussion of world affairs, but to submit any dispute, of whatever kind, in which they may be engaged, either to judicial or arbitral settlement, or to investigation by the Council of the League for a period not exceeding six months, and to refrain from going to war for a further period of three months.* They further undertake to sever commercial and financial relations with—that is, to apply “sanctions” against—any State which goes to war in violation of this undertaking. But the Covenant does not forbid, or “outlaw,” or “delegalise” war. On the contrary, it regards it as the legitimate *ultima ratio* of independent State sovereignty. The United States, Russia and Brazil, moreover, are not members of the League.

Under the second instrument, the Peace Pact, signed at Paris in August 1928, the nations undertake to renounce war altogether as an instrument of national policy, and not to settle their disputes except by pacific means. Every

* If the report of the Council is unanimous and accepted by either party, the other party has no right to go to war.

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nation, however, has reserved the right of "self-defence" (the British Government extending it to include certain vital, but unspecified regions). The Peace Pact, too, sets up no international machinery whereby international disputes can be investigated or settled, and it imposes on its signatories no obligation to take action against an "outlaw" State which violates the Pact. It has been signed, however, by all the chief nations of the world.

It must be obvious to any thinking person that the road which leads to peace is a combination of the ideas and methods of the Covenant and the Peace Pact. No real advance will be made so long as war is regarded as a lawful ultimate resort in international disputes, as is largely proved by the fact that every effort of the League to promote disarmament since 1920 has failed. While war remains lawful, nations will still rely upon armaments for their security, and that will inevitably spell suspicion and competition, for no nation can obtain security for itself by means of armaments without making its neighbours insecure. Moreover, as all experience shows, when a real crisis arises, large armaments run away with the situation. Nor will any real advance be made as long as the United States and other non-members of the League refuse to join some international organisation—not necessarily the League—which will have the right to investigate disputes, and assume some obligation for trying to prevent the outbreak of war, or to deal with a nation which has violated the Pact.

The basis for the organisation of peace is quite clear. In principle it is exactly the same for the world as a whole as it is for the peoples of the British Commonwealth. It is that the nations should renounce and prohibit war altogether among themselves and undertake to use their utmost endeavours to prevent it from breaking out anywhere; that they should create the necessary judicial and political machinery for bringing reason and justice to bear upon disputes, and agree to submit their own

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disputes to it ; and that they should be ready to discharge the policeman's function of making it impossible for anybody to take the law into his own hands by an appeal to war. This is the basis of peace in every civilised country in the world. Peace has never been maintained on any other basis anywhere or at any time. It is also the basis of the outlawry of war within the British Commonwealth. No progress will be made towards world peace until it is accepted as common ground by all the great Powers.

But there is still a wide gulf between theory and practice in this matter. How far-reaching are the changes which will have to be made in the national outlook everywhere before the great Powers genuinely unite to prevent war, to accept the pacific settlement of all kinds of international disputes and compel the would-be law-breaker to desist, will be clear from a consideration of the present-day position.

The United States is still "double-minded." She wants on the one hand to prevent war, and she wants on the other hand to retain her right to be neutral in the event of war and to assume no obligations for maintaining world peace. Hence the curious contradiction between Senator Borah's passionate enthusiasm for the Peace Pact and the "outlawry of war," and his fervent enthusiasm for the codification of sea law on the assumption that "private" wars will go on as before. The United States still clearly thinks of her navy as an instrument for protecting her interests as a neutral, and not as the power behind the Peace Pact and "public right." Hence her reluctance to co-operate with other nations to secure world peace and her difficulties in organising Pan-America as an American peace system. The first step towards effective co-operation between the United States and the rest of the world for the maintenance of world peace will be the recognition by the United States that as a world Power she has both a moral duty and an economic and political interest in preventing war everywhere, and that, although she may not be willing to assume

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the European obligations involved in membership of the League, she ought to be willing to meet and co-operate with her fellow signatories in trying to prevent the violation of the Peace Pact, and to pave the way for the settlement of international disputes by pacific means.

* Great Britain is still "pre-war minded" so far as naval affairs are concerned. Though she has bound herself under the Covenant not to use force without submitting her disputes to investigation by the League, she still clings to the right to use high belligerent rights as against neutral trade, whenever she gets into a war. These rights were greatly extended during the world war, so that Great Britain's attitude is tantamount to a claim on her part, as far the greatest naval Power apart from the United States, to be the sole judge of the occasions on which she may exercise drastic belligerent rights against neutral trade. This question will be further considered in the next section.

In Europe there is a still more complex situation. Though all its States save Russia are members of the League, and though Germany and all her neighbours have entirely renounced war under the Locarno Pacts, the stability of Europe rests not upon a system whereby war is renounced, every dispute is settled by League machinery, and effective means exist for dealing with an outlaw State, but upon the military preponderance of France and her allies which is primarily dedicated to the prevention of any reconsideration of the Treaties of Versailles, Trianon, etc. Italy, on the other hand, is steadily expanding her armaments and makes no secret of her militarist ambitions. Russia, though she professes a desire for universal disarmament, refuses to join the League and would probably be refused admission because her international programme is revolutionary and not pacific. Europe may be said to be stabilised by a combination of French hegemony and the League of Nations, but it is not yet pacified. It will not have a true peace system until its leading Powers, and especially

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France, Germany and Great Britain agree to renounce war altogether, to allow any problem—including the revision of the treaties—to be discussed and settled by pacific means, and to prevent any outlaw State from attaining its ends by warlike means.

In the Far East the problem at the moment is simple.^{*} War between the three great Pacific Powers, the United States, the British Commonwealth and Japan, has been "outlawed" by the non-fortification provisions of the Washington treaties, and an agreement that China is to have a free hand to reorganise herself on lines of her own choosing.

Looking to the future, it would seem possible that four main peace systems may be developed, the European system primarily centering at Geneva, the British Commonwealth system, the Pan-American system, and the Washington Treaty Pacific system. Each would be responsible for "outlawing" war, for securing the pacific settlement of disputes, and for dealing with turbulence within its own limits. Many nations would be members of more than one system. Police action lawfully taken in one peace region would be respected by members of the others. In addition there would be a world League system, which would only come into play when there was a threat of serious war, or when one of the regional systems seemed incapable of maintaining the peace within its own boundaries. Then the world Powers would come into conference, which brings us to the question of sea power—the police force of the world.

IV. THE FREEDOM OF THE SEAS

THE history of the Washington and Geneva naval conferences has been recounted several times in this review,^{*} and need not be repeated, because the

^{*} See THE ROUND TABLE, No. 68, September, 1927; and No. 70, March, 1928.

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nature of the problem has now largely changed. Whereas at both Washington and Geneva the difficulty centred round the application of the general idea of "parity"—an idea accepted in principle by both sides—to the widely differing cruiser needs of a world-wide Commonwealth of Nations and of a compact national State, to-day the core of the difficulty relates to what is often called the freedom of the seas.

There would be little difficulty in arriving at an agreement about parity if a prior understanding could be reached about the rights of neutrals and belligerents in time of war or as to the conditions under which naval power can be vigorously used as the police force behind international peace. As a result of the controversy of the last eighteen months each side has begun to recognise that it cannot obtain security for its oversea trade in time of war merely by building cruisers and other warships. On the one hand, complete security would only be possible by obtaining an absolute command of the sea. This command Great Britain was able to maintain so long as her only rivals were territorial European States, but it is clearly now beyond the reach of either Great Britain or the United States. On the other hand, it is exceedingly doubtful whether any attempt to protect trade by cruisers alone would be effective in a modern war. The aeroplane and the submarine have lessened the importance of "surface control"; one belligerent is not likely in any future war to be denied direct access to all the oceans of the world or even to the Mediterranean, as was Germany in the last one; embargoes, the control of exports at the source and other forms of boycott are now more important than any technical "blockade" or "visit and search"; no country can be effectively deprived of supplies unless practically all its neighbours are ranged against it; all nations have now assumed obligations under the Covenant of the League of Nations or the Peace Pact which profoundly affect the "right" to use war; all these factors are slowly bringing

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home to people on both sides of the Atlantic that the naval methods and traditional controversies of the pre-war days have become to a large extent unreal.

The fundamental reason for the breakdown of the Geneva Naval Conference was that neither Government had realised the position which its country occupied in the post-war world. The United States was still hankering after the rights and privileges of a neutral disinterested in world affairs. Great Britain was still hankering after the perpetuation of the right to put her naval power to its full use whenever she decides to go to war. Both have now receded a little from the Geneva position. The acceptance of the Peace Pact by the Senate is a tacit admission that the United States cannot enforce the right of neutrals to trade with a manifest violator of the Pact or the Covenant. The acceptance of the Covenant and the Peace Pact by the British Commonwealth is an admission that the use it makes of naval power is, to some extent at any rate, a matter of legitimate concern to the rest of the world.

The first step towards a solution of the naval controversy would seem to be an understanding that no nation can acquire belligerent rights as against neutral trade when acting in violation of the Covenant or the Peace Pact, and that no nation can claim the right to trade with such a violator in defiance of economic sanctions lawfully proclaimed against it.

There does not seem to be any escape from the conclusion that morally and probably legally the signature of the Peace Pact has altered the character of belligerent and neutral rights. If the nations have by universal treaty, renounced the right to use war as an instrument of national policy, it can hardly be contended that merely by declaring war they acquire a right to interfere with neutral trade irrespective of the character of the "war." Similarly it can hardly be contended that any signatory Power has the right to assist a violator by supplying it with arms, food, raw materials, or other commodities, or to complain if

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nations which are trying to restrain it from taking the law into its own hands intercept such supplies.

It is clear, indeed, that the ratification of the Peace Pact will make it imperative to draw a distinction between "war" and police action. War ought to be defined as the use of military, naval or air forces to enforce a national policy. Police operations ought to be defined as the use of these forces to prevent recourse to war, or to bring pressure on belligerents to stop fighting and have recourse to pacific means of settlement, or to preserve life and property.

In fact, it is becoming clearer every day that the whole attempt which has hitherto been made to prevent war by defining the "aggressor" or "outlaw State," and requiring members to take sanctions against such aggressor or outlaw is on the wrong lines. The obligation which the Peace Pact or the Covenant ought to impose is that of taking economic or other sanctions impartially against all belligerents or intending belligerents. Just as the policeman disinterests himself in the merits of a quarrel in the streets, simply "arresting" combatants on the ground that physical conflict is forbidden, and that disputes must be settled in court, so the true basis of the modern peace movement ought to be a common undertaking by all the nations of the world to take common action against all would-be violators of the peace, leaving it to the courts or other pacific machinery to arrive subsequently at a just and wise verdict on the matter in dispute. This, indeed, is exactly what M. Briand, on behalf of the League, said to Greece and Bulgaria a year or two ago. He refused to discuss the merits of the case until hostilities had ceased.

In so far, therefore, as naval power is the most effective and far-reaching kind of world power, the second step towards a solution of the freedom of the seas controversy would be an understanding that whenever a breach of international peace is threatened or fighting breaks out, the naval Powers will meet in conference to consider how pressure can be brought to bear on both sides to make them

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refrain from war and to have recourse to some pacific mode of settlement.

There remains the question of belligerent and neutral rights. If the nations are really going to live up to the ideals of the Covenant and the Peace Pact, and act promptly as policemen, this question will never arise. Nobody will be entitled to use belligerent rights against a neutral in a private war of his own, because other nations will prevent the war and will exercise unlimited belligerent rights for this sole purpose. It is, however, by no means certain that the nations are ready to take action of this kind. The United States herself clearly is not, for she is still thinking of her rights as a neutral and not of her responsibility as a great Power for the prevention of war, as the resolution passed by the Senate as a rider to the Cruiser Bill clearly shows.* Most other nations are probably just as reluctant, except when their own vital interests are engaged. The determination to prevent war by prompt action is likely to be a plant of slow growth.

In practice, for some time, we are therefore likely to be confronted by a situation in which either the great Powers will not all be prepared to take adequate action to prevent war, or in which there will be no agreement, either by the Council of the League or otherwise, as to which side is in the wrong. What is to happen in cases such as these?

Senator Borah's solution is a re-definition of belligerent and neutral rights by international agreement. The chief case for this proposal is that, unless there is some agreement about belligerent and neutral rights on the high seas, every time war breaks out in spite of all efforts to prevent it, the dispute will at once expand into a world-wide controversy

* The resolution reads as follows: The Congress favours a treaty or treaties with all principal maritime nations regulating the conduct of belligerents and neutrals in war at sea, including the inviolability of private property thereon. Such treaties shall be negotiated if practically possible prior to the meeting of the Conference on the Limitation of Armaments in 1931.

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between the belligerents and neutrals. If the law upon the subject were to be defined, the grounds of international quarrel would at least be *pro tanto* reduced. Moreover, the difference of view on the subject between the United States and Great Britain is now much less than it used to be. When the United States had almost no navy and the British navy was supreme, the United States stood for maximum neutral rights, just as Great Britain stood for maximum belligerent rights. But to-day the United States possesses a navy equal to that of Great Britain. It is unlikely, especially now that she is building a really powerful cruiser fleet, that she will wish to tie the hands of that fleet unduly, when using it either for the defence of the Monroe doctrine, or in "self-defence," or in the Pacific. On examination it will probably be found that the views of the British and American Governments are not nearly so far apart as is often supposed.

None the less, the case against a conference about belligerent versus neutral rights seems to be far more powerful than the case for it. There is no chance of an agreement to return to the old rule of the sea that enemy goods are liable to seizure in neutral vessels and that neutral goods are free in enemy vessels, for that system was abandoned in the Declaration of Paris. Nor is there any chance of an agreement on the rule of "free ships, free goods," or on the principle that trade on the seas should be entirely free in war no less than in peace, for that makes impossible the use of the ultimate world police power—namely, sea power—either in accordance with the Covenant or the Peace Pact, or in defence of "public right," in cases where these treaties fail to prevent war. Nor is progress possible by attempting to reach a new agreement on the lines of the Declaration of London, for the late war proved that the attempt to define contraband was futile, because in modern national wars there is practically nothing that a nation does not use to help it to prosecute hostilities; that submarines have made the old definition of a blockade an absurdity; and

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that the doctrine of continuous voyage is common sense if interference with trade is permissible at all.

The truth is that the United States and Great Britain are being driven inexorably to realise that all attempts to "regulate" war on the high seas, or neutralise the seas altogether are foredoomed to failure, and that the question they can no longer refuse to face is how sea power—the ultimate police power of the world which effects its object mainly without bloodshed—is to be used to preserve the peace of the world. Great Britain can no longer retain the right arbitrarily to decide when she can use her naval power to interrupt neutral trade at sea. Her engagements under the Covenant and the Peace Pact, and her recognition that the United States is entitled to an equal navy have ended the exceptional position she occupied before the war. The United States can no longer regard the enforcement of her rights as a neutral, irrespective of the merits of the international issue in dispute, as being a noble or a sufficient policy for the most powerful State in the world. That she will be forced to take some responsibility for the freedom and the peace of the world was proved by the contrast between her attitude in 1914-17 and 1917-18. It will be proved again if ever Fascist Italy breaks out in accordance with the logic of its own doctrines, if Communist Russia attempts to foment world revolution by force, or if some Asiatic people fronting on the Pacific falls under the domination of a militarist party dictatorship.

The freedom of the seas, like the peace of the seas, is inseparable from the freedom and the peace of the world. President Wilson saw this when he defined the freedom of the seas as follows:—

Absolute freedom of navigation upon the seas, outside territorial waters, alike in peace and in war, except as the seas may be closed in whole or in part by international action for the enforcement of international covenants.

The Anglo-American dispute will be solved, the formula required to cover "parity" will appear, the new difficulties

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which threaten to arise from the rapid expansion of the French and the Italian navies will disappear, when Great Britain recognises that the use of sea power is no longer a matter which she can decide arbitrarily on her own judgment, and when the United States is willing to share responsibility with the other naval Powers for deciding when and how sea power is to be used internationally for the prevention of war.

✓ V. IMPERIAL ORGANISATION

THE constitutional basis of the post-war relations between the self-governing nations of the Commonwealth was authoritatively defined at the last Imperial Conference in the well-known Balfour Report. The system has worked without friction since that date. The speeches of the Secretary of State, Mr. Amery, during his world tour of 1926-27* have admirably expressed the spirit of this new era. The next Imperial Conference will have no task of first-class importance to undertake in this sphere, though it has still to perfect the details of the new system.

The most important internal task which confronts the Commonwealth is the development of responsible government in those parts of the Empire which are not yet self-governing, and the readjustment of the central machinery of government to this process. The basis upon which responsible government must grow has been discussed on an earlier page. Progress must be constitutional and not through war or revolution. It must not involve the establishment of any kind of dictatorship, personal or party. It must deprive no citizen of the right of individual liberty as that term is understood under British law. It must find full place for nationality.

The first and most important country in which the

* Published by Edward Arnold & Co., under the title, *The Empire in the New Era*.

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experiment in responsible government is being made is India. Pending the report of the Simon Commission, however, judgment as to the next stage must be suspended. A second country is Ceylon where a recent Commission has reported adversely to dyarchy and the system of communal representation, and has recommended a new constitution of a municipal type. An article criticising the practical proposals of this report appears elsewhere. Another Commission has just reported on the problem of promoting civilised standards of life and introducing representative institutions in yet another part of the Empire—East Africa. There has been no time since the issue of the report to prepare an article dealing adequately with its proposals. It is clear, however, that the Commission has made the best and most profound survey of the fundamental issues of the problem which has yet appeared and that the basis for a decision, after many years of vacillation and indecision, now exists. It is clearly the duty of the Government to make up its mind what ought to be done, and, after consulting British and local opinion, to carry its final decisions into effect without delay.

In most of the other countries which are ready for responsible government the experiment is already being tried, for instance, in Malta and the West Indies. We should like to suggest, however, that there is room for yet another category of self-governing communities within the all-embracing constitution of the Empire—and that is for Free Cities of the Commonwealth. We see no reason why Hongkong, Singapore and other places should not eventually achieve this status.

An inevitable consequence of the development of responsible government throughout the Commonwealth deserves more consideration than it has yet received. The transfer of responsibility to local bodies is clearly going to render it impossible for Downing Street to continue to exercise the unifying and over-ruling Imperial power in the arbitrary manner which has been inevitable hither-

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to. The corollary to local responsibility must be the right to influence directly the manner in which Imperial power is used from London. The East African Commission has recognised the importance of affording the Colonial Office technical and financial advice from people of independence and importance in the outside world. We would go further. We think that the over-ruling Imperial power, in the case of territories where the representative system has been introduced should only be exercised as against local advice, after consultation with an advisory colonial council, before which the representatives of the locality should have the right to appear and urge their case in person.

The details of this proposal clearly require consideration. But the principle behind it seems irrefutable. The present system under which the Imperial power is exercised on the sole decision of the Colonial Office, with the Treasury in the background, is already breaking down. It probably only works to-day because Mr. Amery and Mr. Ormsby-Gore are exceptionally widely travelled and well-informed about colonial affairs. When they are succeeded by some eminent politician promoted for party reasons, we shall revert to that system of dictatorship by well-meaning but untravelled and unknown civil servants—checked by questions in Parliament, often ignorant and sometimes interested—which almost broke up the self-governing Empire and which will break up the Colonial Empire unless it is reformed. The way forward seems clearly to be to constitute a standing Colonial Council, with the Secretary of State as Chairman, and composed of persons of exceptional eminence in public affairs, business or administration, some of whom at least should have long personal experience of oversea conditions, before which any colony or territory may appear and argue its views, privately or in public, when it considers that circumstances require such a step. Such a Council would probably humanise and energise the work of the Colonial Office everywhere. Its establishment

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seems to be the only way in which the principle of representation can be combined with the exercise of the Imperial prerogative. From time to time colonial representatives and the Council might even sit together as an Imperial Conference, or as a Conference on African or Pacific affairs.

VI. THE ECONOMIC PROBLEM

THE economic problems of the Commonwealth fall into two classes. The first is concerned with trade relations between the units of which it is composed and also between these units and the rest of the world; the second with the problem of poverty and the distribution of wealth between its classes and peoples.

In the early nineteenth century the economic problem of the Empire was simple. Great Britain had become an industrial and manufacturing nation. She exported her surplus population and capital to the new world and helped to build up new nations, which supported themselves and paid interest on their borrowings by exporting to Great Britain the food-stuffs and raw materials which they raised. It was a beneficial arrangement for both sides, resting upon free trade. In the later Victorian era, however, a new phase set in. The Dominions began to wish to diversify their life and to manufacture for themselves, and erected protective tariffs mitigated by a system of Imperial preference. Foreign countries, which had competed with the new world in borrowing British surplus capital, came into competition with Great Britain in their capacity as manufacturing and exporting countries, while they also protected their own home markets by high tariffs. The world war intensified these processes by increasing the nationalist desire for economic self-sufficiency and high protection, while it lessened the amount of British capital available for export, and changed the United States from a debtor into a creditor nation.

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To-day a slight reaction has set in. The deliberations of the World Economic Conference summoned by the League of Nations have brought it home to everybody that the division of the world into some sixty communities, each, with few exceptions, developing its economic life on an artificial basis behind high tariffs, hinders world development and the prosperity of all nations. In every country, too, those who suffer from the consequences of the protectionist system, the producers of food-stuffs or raw material and consumers generally, are beginning to protest against the special benefits conferred in this way on the industrial classes. There is also another aspect of the question coming to the fore. The correlatives to protection have been subsidies and discrimination to help domestic traders to compete in foreign markets. France treats practically the whole of her oversea Empire as a private preserve for her own financiers, manufacturers, traders and shippers. Great Britain maintains an "open door" to the trade of all nations in her Colonial Empire, save for occasional temporary aberrations such as the Rubber Restriction Act in the Malay States, and the palm kernels export regulations in West Africa. But the British Commonwealth maintains a system of preference which gives Empire produce advantages as against foreign produce among all its self-governing peoples. The United States in the same way reserves all coastal shipping to her own nationals, includes the Philippines within her own tariff boundaries, and since 1918 has expended over £50,000,000 of public money in subsidising uneconomic shipping lines, in order to build up a mercantile marine of her own.

It is clear that international discussion during the next few years is going to turn more and more on whether world prosperity and world peace are compatible with these watertight economic departments and these constantly growing subsidies and discrimination. Maximum tariffs all round must make national life lop-sided and poor, except where the internal area is as large and diversified as the

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United States. Universal subsidies and discrimination will mean the transfer of the cost of manufacturing for competitive markets and the cost of maritime transportation to the tax-payers' backs coupled with bitter international recrimination. The protests against France treating her dependencies as private trade preserves will grow louder. The protests against preference within the Commonwealth as incompatible with most-favoured nation treatment will increase. The protests that American government subsidised shipping cannot expect equal treatment in the ports of the world are sure to become stronger.

The basis of both British and world prosperity must clearly be the efficient development of the natural resources and the manufactures which are natural to the territory and the genius of the different peoples concerned by the use of power and machinery, and the freest practicable interchange of commodities and food-stuffs between all parts of the world. As the fear of war diminishes and the organisation of peace becomes more effective, economic discussion all over the world will mainly turn on whether it will not pay the nations better to reduce tariffs and discrimination to the minimum and to try to stabilise world prices in order to promote a far greater volume of world trade and more peaceful international relations.

The other main problem of Imperial economics is the abolition of poverty. Poverty exists in Great Britain and Ireland. Another article in this issue discusses how efficiency could be restored to British production and business. But poverty is also found in almost every British possession in Asia and Africa. When M. Clemenceau returned from a visit to India after the war, he complimented Great Britain on the wisdom and justice of her political rule, but said that it had failed to relieve the poverty of the people. That is true. The ending of war, the lessening of famine and distress, have increased the population of India by 100,000,000 in little more than a century. Though great irrigation works and a considerable

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railway system have been built, it is often authoritatively stated that the average economic standard of life of the people is no higher than, if it is as high as, it was a century ago, because the methods of cultivation and manufacture are substantially the same, while the number of people who depend upon them for their sustenance has increased.

Whatever may be the truth about the comparison, it is certainly true that the really urgent problem before India, like most of the countries of Asia and Africa, is to raise the economic standard of living of the people. This is a far more pressing and far more important problem than the development of political democracy, for effective democracy is impossible without some measure of economic independence, universal education and the leisure to enable people to read and think. It is clear that the basis of progress is the spread of agricultural and technical and other forms of education by the Government; the investment of capital, sometimes by Government in "public utilities," more often by private enterprise; and the development of economic initiative and business activity by the people themselves.*

It will not be easy to secure the rapid economic development of Asia and Africa which is essential if the standard of living is to be raised and the growth of world prosperity promoted without "exploitation" of the people, without undue dislocation of their ancient habits, and without the growth of international financial and business "trusts" which will be outside the control of any government. The process, too, in itself, will involve an increase in the number of *rentiers* in Great Britain, Western Europe and the United States, who will be able to lend their money to economically backward communities overseas and live upon the proceeds. None the less, despite the protests of Mahatma Gandhi, economic development, partly by public and partly by private means, is the only way of diminishing the age-old curse of both Africa and

* For some practical suggestions as to ways of reducing poverty in India, see page 342.

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the Orient—poverty. The way forward is not to try to return to the “charka” and “other worldliness.” It is to discover how to master and control the new forces and appetites which economic progress creates.

These problems, however, can only be solved through thought and consultation. It is no less important for the British Commonwealth of Nations than for the League of Nations to consider its economic problems collectively and with the aid of the best financial and scientific advice. The distribution of capital reserves throughout the Empire, the problems created by foreign borrowing, defence against exploitation, the application of the standards of the International Labour Office, the effect of tariffs, preferences, embargoes, and so forth, all are subjects which require scientific investigation and collective discussion. Much has been done by the Empire Marketing Board and by the Institute for Civil Research created by the British Government. We would suggest that a really well prepared Commonwealth economic conference should assemble at or about the same time as the Imperial Conference in 1930.

TOWARDS INDUSTRIAL RENAISSANCE

IN the last issue of this Review an attempt was made to survey our present industrial situation and to voice some of the profound misgivings which it inevitably suggests.* It was pointed out that the optimistic forecasts for 1928 had been sadly falsified by the actual course of events; that unemployment, so far from diminishing, had seriously increased, not only in the four great staple industries—coal, iron and steel, cotton, and shipbuilding—which were admittedly in a bad way, but in almost every other industrial group; that other indications all pointed towards accentuated depression rather than recovery. These signs were interpreted as the more disquieting inasmuch as the temporary factors flowing from the war and the coal stoppage could no longer be saddled with the responsibility, which implied that the true explanation must be sought in more deep-seated causes. Finally, it was suggested that unless the central problem of stimulating employment could be successfully solved, the future prosperity and stability of the country must be gravely jeopardised, and that for its solution nothing less than a constructive effort to review and to readjust our whole national economy was imperative.

During the three months which have since elapsed nothing has really occurred to justify a more cheerful estimate of the position. Though the trade and shipping returns showed some improvement, the unemployment figures grew steadily worse until December 31, when the total reached 1,565,000, a point never yet reached since the black year 1922. And even this figure hardly represents

* See THE ROUND TABLE, No. 73, December, 1928, p. 113.

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the whole truth, since owing to the restriction of the right to insurance benefit and the general tightening up of its administration the number of those out of work but unable to claim benefit is certainly much larger than it was six years ago. A glance at the reports on employment for November shows an almost unrelieved record of depression. In wool employment was "bad," in engineering "very slack," in boots and shoes "considerably worse than in November 1927 (16·1 per cent. as against 6·4 per cent.) and unusually slack for the time of year," in iron and steel "bad," in shipbuilding "very bad," and though there was a slight improvement in cotton, it only amounted to 0·1 per cent. as against the gloomy position of twelve months before.* As for the coalfields, the unparalleled distress which now prevails as the result of the progressive exhaustion of the resources of the unemployment fund and the poor law has at last been brought painfully home to the country by the hardships of winter, which have made it impossible to ignore the critical condition of the mining population in South Wales and on the north-east coast. Their worst sufferings will no doubt be alleviated by public generosity assisted by government grants, but such measures provide no remedy. A considerable section of the population cannot continue to live on charity, and yet there is no alternative in sight, unless a serious attempt is made on a national scale to find a remedy not for the ills of the coal trade alone, but for the general paralysis which seems to have beset our industrial activity, of which they are only one symptom.

I. THE POSITION OF GREAT BRITAIN

THE first essential is to visualise our own position in the world through uncoloured spectacles. It is useless to delude ourselves by such reflections as that we

* *Ministry of Labour Gazette*, December, 1928, pp. 442 seq.

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still export more manufactured articles than any other country. If one-tenth of our workpeople still remain unprovided with bread and work, our position is none the less precarious. It is quite irrelevant to claim that there are more persons actually employed to-day than in 1914 or in any other year. If our industrial expansion cannot absorb the normal growth of the population, we are none the less going down hill, not up. In judging our international standing there are two capital facts which may be taken as a point of departure: first, that our productive and commercial power is relatively considerably smaller than before the war; secondly, that the year 1928, which has been one of marked depression for Great Britain, has on the whole been one of reasonable prosperity not only for the United States, but for Germany, France and indeed most continental countries.

To prove the first of these two facts as fully as it deserves would require much more than the space of an article. All that can be attempted here is to give a few salient figures relating to the principal trades. Beginning with the iron and steel industry, the following table* shows that our output has distinctly shrunk, that of the United States and France has substantially increased, while Germany, despite the loss of Alsace-Lorraine, part of Upper Silesia and the Saar, has nevertheless almost regained her pre-war production, a very remarkable feat:

*Monthly Averages of Production in metric tons (000's omitted).
Pig Iron.*

	France.	Germany.	Great Britain.	United States.
1913	434	1,397†	869	2,601
1927	777‡	1,092†	617	3,068
1928 (10 months) ..	837‡	1,064†	561	3,166
Increase or decrease%	+92·9	-23·8	-35·4	+21·7

* Taken from *Monthly Bulletin of Statistics*, League of Nations, December, 1928.

† Excluding Alsace-Lorraine, the Saar and Polish Upper Silesia.

‡ Including Alsace-Lorraine.

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Steel Ingots and Castings.

	<i>France.</i>	<i>Germany.</i>	<i>Great Britain.</i>	<i>United States.</i>
1913	391	1,467†	649	2,564
1927	692†	1,359*	770	3,675
1928 (10 months) ..	775†	1,305*	719	4,224
Increase or decrease%	+98·2	-11·0	+10·8	+64·7

As further proof of the relative decline of the heavy metal industries in Great Britain it is rather disconcerting to find that there were actually more furnaces in blast in France last year than in this country, still more that "the average monthly output per British unit was 4,080 tons and per French unit 5,370 tons. The German and American averages were far higher still in 1927; about 9,000 and 18,000 tons per unit per month."† Even before the war exports from the United Kingdom formed a diminishing proportion of the total exports from the five principal countries, and even in the home market the British manufacturer was losing ground. Since the war the position has been further aggravated.

In engineering products the position, though somewhat better, suggests that we have not fully held our own with foreign developments. Our exports of machinery have declined proportionately, while those of the United States and France have risen and Germany will soon recover her place, if she has not already done so. We have not secured the hold on the new automobile industry which our industrial capacity and experience might reasonably have entitled us to expect. In 1926, the best year up to that date, the number of motor vehicles exported from the United Kingdom was about one-tenth of the American figure, and considerably smaller than the Canadian and French.§ In the motor-cycle trade, on the other hand, we have main-

* Excluding Alsace-Lorraine, the Saar and Polish Upper Silesia.

† Including Alsace-Lorraine.

‡ *Report on Economic Conditions in France in 1928*, by J. R. Cahill, C.M.G., Commercial Counsellor, H.M. Embassy, Paris, p. 117.

§ The American total was 305,744, the British 32,388. In 1927 it rose to 35,692, but fell again to 32,847 in 1928.

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tained a marked supremacy, a contrast which throws our comparative failure in the case of the heavier branches into a relief requiring some explanation. In another more or less new industry, however, that of electrical manufacturing, we have done remarkably well, and now stand at the head of the list of exporting countries, whereas in 1913 we were a poor second to Germany.*

If we turn to the textile trades, the intensification of foreign cotton production not only in Europe and America, but also in Asia, is now so generally recognised as to need no lengthy demonstration. Lancashire has lost the virtual monopoly which she long enjoyed in all grades of cotton cloth. In 1924 production had fallen to 5,426 million yards as against 7,088 millions in 1907. Although exports to Europe have been maintained, for the rest of the world they have been practically halved, mainly on account of the loss of the Eastern markets due to the expansion of cotton manufacture in Japan, China and India. The principal features in this decline may be succinctly seen in the following table :—

Exports of piece goods (millions of linear yards).

To	1913.	1927.
British India	3,057	1,546
China, Japan, etc.	773	128
Dutch East Indies, Straits Settlements, etc.	539	326
South America.. ..	582	378
Central America	167	76
North America.. ..	157	93
Europe (excluding Balkans) ..	388	412
All countries	7,075	4,220

Two further points may be noted: first, that the depression in the British industry is not a reflection of general conditions affecting the cotton trade of the whole world, inasmuch as the total production is substantially greater than in pre-war times; secondly, that in the finer grades

* *Survey of Metal Industries*, 1928, Committee on Industry and Trade, pp. 77, 205, 242, 337.

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of cloth the supremacy of Lancashire is not yet seriously threatened.

The case of the woollen industry is very similar. Total production and home consumption are alike considerably smaller than in the pre-war years. Our exports in tops, yarns and manufactures all show a considerable falling off, while France and Italy have improved their position. There are signs, too, of coming competition from countries like Japan, which have recently entered the field, and of renewed competition from Germany, which has not yet recovered her previous position.*

As for the coal industry, its troubles have been so repeatedly analysed that few words need be said about them. Owing to the development of foreign competition, to more economical utilisation of fuel, to the growing use of oil and water-power, the quantity of British coal shipped abroad has shrunk from 98,340,000 tons in the year 1913 to 71,970,000 in 1927, while the home demand has also declined.† As an asset in our international trade coal has fallen from its old pride of place, and under present conditions is unlikely to be restored to it.

Finally, one other factor, perhaps more important than all others, must not be overlooked. Much of our industrial growth in the nineteenth century was due to the lavish exportation of British capital for the development of overseas countries, from which the British manufacturer reaped a rich harvest in orders. Until 1914 we were the great lending nation, and through our investments abroad we created new markets for British goods. Much of that capital has been definitely lost through the war. Not only have we been shorn of a vast income from overseas, but, burdened with a national debt of £7,000 million instead of a few hundreds, we can no longer hope to stimulate our

* The foregoing figures and facts are taken from the *Survey of Textile Industries* by the Committee on Industry and Trade, pp. 51-7, 69, 209, 217 et seq.

† *Report of the Secretary for Mines for 1927*, p. 114.

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export trade on the same scale as of old. The rôle of creditor and lender has passed to the United States, which has simultaneously developed into the greatest manufacturing country in the world. As yet the needs of its own people are so great that the surplus of American production remaining for export is still relatively insignificant. Even so, the United States already stands at the head of all exporting countries. For eight years Mr. Hoover, as Secretary of Commerce, has been actively promoting the efficiency of American industry and laying the foundations of a great foreign commerce. There is every probability that he has eight more years before him as President in which to pursue his policy with even greater power and effect. It is therefore only prudent to reckon with far more formidable competition from the United States in the future than any we have yet been called upon to meet, buttressed by a financial strength which we cannot under existing circumstances hope to match.

There is no real doubt possible that our position as an industrial and commercial power is not what it was before the war. To some extent this was inevitable. That we should have continued to maintain the almost monopolistic supremacy which we enjoyed in the nineteenth century would have been incredible. The first decade of the twentieth already saw the United States and Germany challenging us in certain directions, but the redressing of the balance which was so heavily in our favour would certainly have been more gradual but for the effects of the war in two vital respects. Of these, the profound modification in the distribution of the world's capital has already been mentioned. The second change which the war produced was hardly less far-reaching, though more difficult to estimate. Even before 1914 there were various symptoms of a new industrial revolution. The reign of coal was beginning to be threatened by oil and water-power. Industries were springing up in countries which had hitherto been content to buy their manufactured goods in the

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cheapest market abroad. Trusts and combinations were beginning to provoke protests from the small producer in the sacred name of individualism. In other words, three of the basic conditions upon which England's industrial system had been developed showed signs of transformation. The war gave a tremendous impetus to all these tendencies. The shortage of coal forced industry to economise its use to the utmost and to develop alternative sources of power to the maximum. The inability of the old industrial countries, preoccupied in destroying each other, to supply their customers led many of them to try the experiment of satisfying their own needs, with gratifying success. Finally, the experience of conducting industries practically on a national scale for war-production suggested to the farsighted the possibility of economies, which would have remained long undreamt of under the old regime of unlimited competition. Hence at the time of the Armistice the stage was already set for extensive changes in the industrial and commercial world. On the whole these changes were bound to react to our disadvantage. As holding the predominant position under the old dispensation, we naturally had most to lose by its overthrow. Such general considerations hardly account, however, for the startling contrast between the substantial industrial prosperity which is to be found in America, France, Germany, and elsewhere and our own continued depression. An analysis of this contrast may perhaps suggest some of our mistakes and the means to remedy them.

II. THE PROSPERITY OF OUR RIVALS

TO dilate on American prosperity would be superfluous. That it rests on a capital wealth, an enormous home-market and resources in raw materials which are not available in this country is a commonplace, but it is not a complete explanation of the disparity in the industrial

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well-being of Great Britain and the United States. The advantages on our side are far too commonly ignored. Our geographical position means that we pay cheap shipping freights for receiving our raw materials and despatching our goods instead of the heavy railway charges that constitute such a large element in American costs. Our goodwill, gradually built up over generations in every part of the world, is still an enormous asset in international competition. The sentimental preference for British goods in the Empire and the world-wide activity of British shipping are further very substantial compensations for a comparatively limited internal market. Though capital is no doubt much less abundant in London than in New York, there is no sign of its not being forthcoming for any deserving enterprise.* There is, in fact, no *a priori* factor which sufficiently accounts for our failure to keep pace with American development. The latter has been essentially characterised, however, by three qualities, which we seem momentarily to have lost, namely, imagination, energy and organisation. The American has been planning for the future, while we have spent a lot of valuable time in looking back regretfully towards the past, hoping that the halcyon Victorian days would somehow come back. He has been creating new needs, while in most trades we have been thinking only about supplying old ones, even though they were dwindling before our eyes. He has mastered the ultimate cheapness of large production and high wages, while we have been attempting to compete with a small scale production with little hope of expansion in the home market, which must in most cases be its foundation, as long as the purchasing power of the British consumer is progressively diminished by wage-reductions and unemployment. When one reads that in 1926 the United States produced 4,259,627 motor vehicles as against 198,700 in

* In 1928 capital was raised in London for private purposes in the United Kingdom to the extent of £179 million as against £35 million in 1913. (*The Economist*, December 29, 1928.)

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the United Kingdom,* the figures seem almost miraculous—even more so when one remembers that the average wage of the American mechanic is more than double that of his British rival. Yet it is just because there are 8,000 workmen's cars outside Mr. Ford's works every shift that he can produce his thousands per diem against the paltry hundreds of our largest manufacturers. But when one discovers that from 80 to 90 per cent. of this huge American output is produced by ten concerns, whereas there were no less than 88 separate firms engaged in putting forth the tiny British aggregate, the seeming miracle becomes still more intelligible. The motor industry with us is unorganised, and this is only one instance of a general disregard for one of the most self-evident lessons of the present industrial revolution—that a strongly organised, well-integrated industry will defeat any incoherent collection of manufacturers producing the same article, just as surely as a well-trained club football side will defeat eleven haphazard individual players. The success of the great American industries is largely due to the application of this simple lesson. They have adopted the principles of "rationalisation" within the industry and of "scientific management" within the plant, while both are, with us, still usually looked on as the catch-words of crazy busy-bodies, because our grandfathers got on without them.

Finally, these results have been achieved as part of a conscious national effort. They would certainly not have attained their present dimensions, unless public opinion had realised the importance of enhanced efficiency as the only source of higher profits, better wages and with them greater welfare for the whole community. Mr. Hoover, by his personal inspiration, was able to give a lead which lifted the country out of the dismay caused by the slump of 1921, restored confidence once more, and by pointing out the right road to prosperity swept hesitant employers and doubtful trade unions along it on a wave of popular

* *Survey of Metal Industries*, p. 238.

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enthusiasm. It is curious that the American business community, which is probably the most individualistic in the world, has been so largely guided by the State in recent years, not by the exercise of any official powers or prerogatives, but simply by the stimulation of thought through precept and propaganda and, of course, by placing all the resources of government at the disposal of the manufacturer or trader who was anxious to help himself. Anyone who seriously analyses American prosperity is bound to agree with Lord Weir that it is a matter "first, of a consuming population of 120,000,000 without customs barriers, and secondarily, of confidence, organisation, appreciation of scale manufacture, remuneration largely based on results, with correspondingly high purchasing and consuming power, thus keeping the industrial machine spinning at a great pace."* The first of these conditions we cannot reproduce, but, as has been suggested, we have other compensatory advantages. The second we can reproduce by the application of energy and intelligence, which are certainly at our command.

A glance at the astonishing recovery of Germany points to the same moral. In spite of the chaos produced by the occupation of the Ruhr followed by the collapse of the mark which brought German industry to the edge of the abyss, the last two years have actually seen a boom in the home market. We read that "striking evidence of the intense activity which prevailed throughout the country is furnished by all sections of industry."† The output of coal and lignite was greater in 1927 than in any previous year within the present frontiers. The same was true of pig iron and steel. Shipbuilding, engineering and textiles have all been pretty prosperous. The number of unemployed in receipt of benefit fell from nearly 2,000,000 at the beginning of 1926 to about 600,000 in the autumn of last

* *The Times*, January 1, 1929.

† *Economic and Financial Conditions in Germany to June, 1928*, by J. W. C. Thelwall, M.C., H.M. Counsellor, Berlin, p. 5.

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year.* At the same time real wages have steadily risen and have now attained their pre-war level. Moreover, all this has been accomplished in spite of the loss of immense industrial resources in the ceded territories, the payment of heavy taxation, direct and indirect, to meet the reparation charges under the Dawes plan, and the widespread destruction of capital during the inflation period.

How has this remarkable renaissance been achieved? The answer is, broadly speaking, by ruthlessly scrapping all methods, machinery and management which did not come up to the most modern standards. That is the real meaning of the German term "rationalisation," which has been a national slogan for the past three years. It must suffice here to pick out a few of the primary features of this process and to illustrate a few of its most striking consequences. The first and fundamental requisite is co-operation. To quote from a very valuable and suggestive study of the reformation of German industry,†

An essential condition for full rationalisation is the organisation of a whole industry, either by unification or co-operation, so that a common policy can be adopted by all engaged in it. Output is regulated with sufficient elasticity to meet fluctuations of demand without delay, so that price levels may be kept stable. . . Within this system of regulation, low production costs are aimed at by concentrating production in the most suitable works to reduce short-time working to the lowest possible limit; by the prevention of waste, either of material, labour, or mechanical energy; by closing down inefficient or unremunerative works or departments . . . and by the extension of the most efficient works where necessary, and the installation of the best cost-saving plant available at all the works kept in production.

These last words indicate the second indispensable feature—the replacement of out-of-date machinery by the

* In the last three months of the year there has been a set-back with a very sharp rise in the unemployment figure, due partly to seasonal causes intensified by the hard weather, partly to the effects of the big lock-out in the Ruhr, but partly to a general decline of business.

† *The New Industrial Revolution*, by W. Meakin, 1928, p. 20. (Victor Gollancz).

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latest and best available. This not merely requires great capital outlay, but is hardly feasible in many cases until the production of the whole industry has been systematically planned to correspond to the demand. Indiscriminate renewal of plant which resulted in a production far exceeding the absorbing powers of the market would have been even more uneconomic than the continued working of obsolescent machinery, as the overhead charges incurred could only be met by running the new plant to full capacity, a condition which can only be guaranteed by a single policy governing the whole or at least the major part of the production of an industry. The third prominent feature of "rationalisation" is the general improvement of management, by the elimination of redundant officials, the concentration of purchasing and selling organisation and the uniform application of the best technical and administrative methods to a whole industry.

These drastic reforms have been put into thorough execution through the coal, metal and chemical industries in Germany with surprising results. The output of coal per man per shift increased in the Ruhr from 18.6 cwts. in 1925 to 22.65 cwts. in 1927 *without any increase in hours*, while in Great Britain, by adding a whole hour to the working time, output was only increased from 17.70 cwts. to 20.82 cwts., or 3.1 per cent. less.* At the same time wages rose by about 1s. 6d. a shift, while with us they have steadily declined. As to employment, the introduction of labour-saving machinery meant a transition period, during which many men temporarily lost their jobs, though against this must be set the more regular employment and higher earnings of the great majority who remained at work. The renewed industrial activity promoted by reduced costs, however, soon created fresh demand and with it fresh employment. Last year there were more workers employed by the steel and the chemical trusts than in 1926, when rationalisation was carried out. The

* *The New Industrial Revolution*, p. 62.

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German experience bears out the American that improved methods, so far from reducing employment, increase it as soon as their full effect is felt. Of this the rapid fall in the number of unemployed quoted above is sufficient evidence.

One last point must be briefly touched upon—the rôle of the German Government in this industrial recovery. As might be expected, it has framed its economic and financial policy in such a way as to give the utmost assistance to the industrialist. Export credit schemes, special railway rates for export, and large expenditure to aid the workman temporarily out of employment have all contributed to overcoming the crisis; but more interesting and more original is the institution of the *Reichskuratorium für Wirtschaftlichkeit* (National Institute for Business Organisation). This institution, though costing some £60,000 a year to the State, is not responsible to any Minister, but to a board consisting of industrialists, civil servants and trade union leaders. Its sole purpose is to promote the adoption of improved methods throughout industry, whether in better management, avoidance of waste, standardisation, simplification of processes, use of by-products, or vocational training and adaptation. Almost every industry has appointed its own committee to work out its own salvation, but the whole movement is stimulated and coordinated by the central Board, which remains nevertheless a purely advisory body. It is, in fact, very much the Hoover principle adapted to German conditions. In Germany as in America the State has taken an active part in industrial reconstruction, not by driving or directing so much as by counselling and coordinating.

In France, which is making immense strides as an industrial country, the same processes may be seen at work. Here too industrial concentration has been proceeding rapidly. All the principal trades are now highly organised with a view to eliminating wasteful competition and ensuring more efficient production.* Rationalisation is being

* *Economic Conditions in France*, pp. 19-20.

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carried out as energetically and thoroughly as in Germany and the United States, and is being powerfully aided by the ambitious programme of national equipment, which is being executed by the Government with the assistance of the National Economic Council. The utilisation of water-power is making electricity increasingly available to the railways, to industry, to agriculture and to the general public. Roads, ports, canals, telephones are being systematically overhauled and brought up to date. In every department of French economic life intense activity prevails. The result may be given in a single sentence. Despite the stabilisation of the franc,

the year 1928 has witnessed a fresh outburst of prosperity; the indices of production available for the summer months as regards some great branches of activity showed record levels, and in September the total number of persons in receipt of unemployment benefit was only seven to eight hundred.*

III. HOPEFUL SIGNS

TO those who wish to read them the signs of the times are not obscure. The foregoing analysis shows two things which are beyond dispute; first, that our economic position viewed internationally is declining, secondly, that although this was to some extent the inevitable consequence of the world's economic development, much accelerated by the war, it has been accentuated by the remarkable efforts of our three principal rivals, to which we can offer nothing comparable either in magnitude or intensity. Neither industry as a whole nor the State can claim to have shown energy, courage or imagination in facing a great crisis, of which there has been overwhelming evidence for seven years. The Ministry of Reconstruction and its work were thrown overboard before reconstruction had been begun. Buoyed up by the illusions of an ephemeral boom, industry

* *Economic Conditions in France*, p. 7.

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for the most part rejected all new-fangled ideas and concentrated its attention on getting back into the good old ruts. Save in a few notable instances, it was not realised that the ways of the last generation were already out of date ; that steady work along the familiar lines would no longer suffice ; that in order to make headway in the new world new methods, vigorous initiative and hard thinking were required. Seven precious years were thus largely lost. But to retrieve them is not yet impossible, if we are prepared to face the position squarely, to discard treasured principles if they have lost their virtue under modern conditions, to revise ancient practices if they no longer work, to adopt strange methods if they promise good results.

There are indeed welcome indications that such a spiritual revolution, which is the first condition of industrial renaissance, is already stirring, if as yet slowly and spasmodically. The example of industries, not only abroad but even at home, which have marched with the age is beginning to produce its effect. In the chemical industry, which has been completely reorganised, employment has been steadily maintained and we are holding our own with the rest of the world. Lord Melchett has proved that rationalisation is not less practicable and not less profitable in Great Britain than in other countries. Within the electrical industry, which as pointed out above has a highly successful record, co-operation has largely replaced competition. By means of internal reorganisation the tinplate trade has recovered its foreign markets and in 1928 considerably exceeded its pre-war exports. In the chemical and electrical trades it has been possible to stimulate invention by research carried out on a large scale with the result that they have been able to keep pace with foreign manufacturers. Given the necessary money and organisation, there is no reason to doubt British ability to compete with the brains of other countries, but without them they must suffer under an impossible handicap. Other instances could be quoted to

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prove the truth of Lord Weir's dictum that "like honesty, co-operation will be the best policy." But what has been hitherto accomplished is slight in comparison with what yet remains to do. After summarily rejecting the measures of co-operation recommended by the Royal Commission three years ago, the coal-owners are still painfully groping towards daylight. In three districts schemes providing for partial unification of production and distribution have been launched, but their inadequacy is already plain and negotiations for a national selling organisation are said to be on foot. The bitter teachings of necessity are compelling the industry to complete rationalisation, but how much time will be lost and how much avoidable hardship suffered before it is fully re-equipped and re-organised, and thus able to play its proper part in the country's economy? In the iron and steel industry the same evolution is at work. Two great mergers have been announced in the last few weeks. Others will follow in time, but how long will be the delay before British plants can boast a mechanical efficiency equivalent to that of the German, French and American? Many of our works are carrying high labour costs, because they still rely on human toil instead of labour-saving and health-saving machinery. If it is a question of exchanging exhausting physical labour for monotony, which is the American tendency, there is little doubt that the average workman would welcome the exchange.

The cry for safeguarding comes chiefly from those whose inefficient plants and poor management cannot stand the pace which is set by the modernised plants at home and abroad. To prolong the life of second-rate firms and thus to postpone the complete reorganisation of the industry indefinitely by means of a tariff would probably condemn the heavy trades to permanent stagnation, while handicapping every other manufacturing industry in the country which makes extensive use of steel. Nothing could be more dangerous for the economic future of Great Britain

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than a policy of piecemeal protection. If, on balance, the interests of our export trades are out-weighed by those which depend on the home market, let us have a general tariff and agree to sacrifice a part of our foreign markets. But do not let us delude ourselves into imagining that any great industry can be granted protection without serious repercussions on many others. If there is to be protection, let it at least be reasoned and intelligent protection, based not on a view of one murky corner of the industrial picture but of the whole canvas with all its lights and shades.

Finally, in the cotton trade schemes of co-operation are maturing. One great amalgamation has been launched under the title of the Combined (American) Spinners, Limited, another of even greater importance to be known as the Lancashire Textile Corporation, Limited, is now under way. It has been recognised that the troubles of the industry can only be cured by writing off dead capital, by concentration of buying, production and selling, by modernisation of management and machinery, and that these results can only be achieved by large-scale enterprise. These reforms aim at restoring and preserving the manufacturing power of Lancashire by energetic reconstruction instead of allowing it to drift to decay. They are drastic and late, but if they are drastic enough, they will not be too late.

But although there are happily signs of a new spirit in industry, its workings are still partial and uncoordinated. It is far from having become national in its extent and outlook. The Government has done nothing to suggest that it realises the need for more effective action than occasional exhortation. Although the Balfour Committee has published a series of invaluable reports during the last four years exposing many of our industrial weaknesses, little or no official action has been taken. The Iron and Steel Trades Confederation, in demanding a Royal Commission on their industry, rightly contends that "no Government, whatever its political complexion, can justifi-

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ably ignore conditions which bear upon the welfare and stability of a great basic industry."* But what is true of iron and steel, is even more true of the country's industry as a whole. Much more is needed than an inquiry into this or that industry. Nothing less than a coherent policy of national reconstruction will meet the present situation.

IV. SOME SUGGESTIONS

TO expound a policy of national reconstruction in a few pages is clearly out of the question. It can only be worked out as the result of a sustained and systematic survey covering a vast field, but it may be useful to suggest a few of the points which such a survey should comprehend. In the first place, the machinery of government, like the machinery of industry, is largely out of date. It was designed to meet economic conditions which have passed away. The Board of Trade was built up on *laissez-faire* traditions. Though recently its mental processes have been confused by the infusion of protectionist ideas, it still proceeds on the assumption that industry can and should take care of itself and that the primary business of Government is to leave it alone. It is true that the Department of Overseas Trade has done excellent work by diffusing ample and trustworthy information as to conditions affecting competition abroad; but its value was considered so negligible in official circles that it was narrowly saved from extinction two years ago by the unexpected intercession of the business community, with whose affairs it was presumably supposed to be an unnecessary interference. Certainly no one could fairly claim that the Board of Trade had done anything to stimulate a rationalisation movement in Great Britain or to suggest the need for a great constructive effort to cope with the existing industrial depression. The occupations of the Board are many and variegated. It deals with mines,

* *The Times*, January 9, 1929.

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bankruptcy, merchandise marks, the mercantile marine, commercial treaties, company law, patents and a host of minor matters. But it has neither the time nor the means to deal with economic policy as a whole. No one department and no one Minister could possibly devote sufficient time and thought to such an overwhelming question in addition to other and multifarious duties. Economic policy necessarily embraces questions affecting almost every department of government. Agriculture, labour, transport, taxation and currency, colonial development, foreign relations, oversea settlement, are all matters which it touches vitally. But to leave its elaboration to an overworked Cabinet without any *ad hoc* machinery is to condemn it in advance to the incoherent opportunism of the past seven years. Such a survey as is here suggested could only be profitably undertaken by an economic general staff directed by a whole-time responsible Minister with sufficient authority to command the complete collaboration of every department of the administration. But departmental machinery is not enough. Some kind of advisory body is needed, preferably selected not on representational but on individual lines, from the men most competent by their knowledge and experience of industry and finance to review the country's economic problems. Under the leadership of a Minister of vision and ability such an organisation might furnish the elements of a constructive policy.

Supposing such a machine to have been created, what are the primary tasks to which it would have to address itself? In the first place, it would have to consider finance. It may well be that our banking and currency policy has been beyond reproach, but it is disturbing to find that Lord Melchett and his colleagues in the industrial conference do not think it has been helpful to industry. Are the interests of the City irreconcilable with those of the manufacturer, or are they not ultimately identical? This is a first question which needs some attention, if only to convince industrialists that there is nothing better that can be done.

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The same applies to taxation. The present Government has taken a commendable step in revising the whole system of local taxation. Does not national taxation merit equal consideration? Is it impossible to give some further stimulus to industry in general, or even to particular industries, by readjusting the burden? For instance, the high taxation of motor cars enormously reduces the number of purchasers. As the Americans know, an automobile is made up not only of steel, but of glass, leather, wood and other materials, and its use involves roads, garages, pumping stations, country hotels and tea shops. It provides a great quantity of widespread employment. If a lower tax would give a great impetus to the industry, it might well yield as large a revenue as the present high rate levied on a smaller number of cars. Incidentally, it should be considered whether our present system of rating handicaps the British manufacturer in foreign markets by giving preference to the low-powered car unsuitable for continental or colonial conditions.

The second set of questions which suggests itself as of vital importance is that of national equipment. It is no longer simply a matter of individual concern whether our ports, docks, waterways, roads, railways, electric supply, telegraphs and telephones are efficient or inefficient. Unfortunately, on these questions too judgment is frequently based on political pass-words and slogans, rather than on a dispassionate consideration of the facts. The existence of State telegraphs and telephones is not deemed repugnant to conservative principles. The nationalisation of broadcasting was effected almost without a murmur. On the other hand, to have nationalised the power-supply altogether would have been unthinkable to many people in England, though perfectly natural in Canada. The province of Ontario supplies its citizens with the cheapest electricity in the world, and not even the most ferocious individualist grumbles at its prices. As for the railways, to run them in the public interest is usually condemned as socialistic in

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Great Britain, though it is done with considerable success by non-socialist Governments in Canada, Australia and South Africa.

There is no doubt that many of our public services are capable of great improvement. The question how they can best be improved is an economic, not a political question, but it clearly concerns the nation as a whole. It may be that in some services State-ownership is preferable; in others private operation. The decision in each case should be taken strictly on merits, not prejudiced in the light of some abstract principle. In any event a complete overhaul from a purely business standpoint is a necessary element in any thorough-going economic reconstruction.

In connection with this overhaul and as part of this reconstruction is there really no productive work on which the workless can be employed? At best the restoration of industrial activity can only make itself gradually felt in the labour market. In the meanwhile are the hundreds of thousands of miners and others now out of work to be left in hopeless and continual idleness, dependent for their daily bread on unemployment benefit, the poor law or charity? Rather than spend unproductive millions through these channels, is there not work to be done which, if not entirely remunerative, would at least show some return for the expenditure, and would save the workless from progressive physical and moral deterioration? We are told by a Royal Commission that there are 1,279,000 acres of workable land more or less waterlogged, but that "until the State is prepared to accept due financial obligations . . . very little progress can be made" towards efficient drainage.* There are large areas which might be reclaimed from the sea, but, unlike the Dutch, who are turning the whole Zuyder Zee into farm land, we have done nothing to bring them under cultivation. Many of our ports are antiquated in their lay-out and equipment for want of money. Our telephone system is notoriously inferior to many foreign

* *Royal Commission on Drainage*, 1927, pp. 22 and 44.

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systems. The problem of the slums is still largely unsolved. There is, in fact, an enormous programme of work which would increase our national efficiency. It only awaits the necessary capital and labour for its execution. In America an inter-State conference is proposed to draw up a huge schedule of public works to be put in hand in bad times. Surely an enterprising Government would spend its money better on such objects than on barren subsidies to the unemployed.

Thirdly, there is the whole vast field of Imperial development and organisation. The Imperial Economic Committee and the Empire Marketing Board have already performed very valuable service, and it is gratifying that the Government has at length taken steps to facilitate emigration to Canada by reducing the ordinary steamship fare. There are signs, too, of a more active policy being adopted by the Overseas Settlement Committee and some of the Dominion Governments to encourage British settlers to try their fortune in the Dominions. All this is to the good, but the commercial possibilities of the Empire are still far from being exhausted.

Lastly, there is the influence which the State can exert on industry itself. Here it is not control that is needed but stimulation. No doubt there are many industrial reforms which can only be started from within, especially those that involve discarding ingrained habit and tradition. In England, for instance, it is more common than in the United States or Germany to exclude the technical man with first-hand knowledge from boards of directors and to appoint the latter for their social rather than their practical qualifications. It is more common to see technical men resist new departures, such as the substitution of electricity for steam, with success, because they are ignorant of the new technique and there is no one on the board who knows enough to demonstrate its advantages. It is less common to find men who have risen from the ranks, because social inhibitions are stronger. It is less common to find

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initiative and innovation prevailing over caution and conservatism.

Such self-imposed handicaps can only be removed by the teachings of failure. There are, however, other ways in which a Government can materially assist, as the United States Department of Commerce and the Reichskuratorium have shown. They have rendered incalculable service by analysing the position and practice of each industry, revealing shortcomings, calling attention to methods which have given satisfactory results, and finally getting the representative men in the industry together to work out its reformation themselves. In this direction there is scope for a great deal of discreet and discriminating encouragement, while carefully avoiding any taint of interference. Again, on the financial side, the State can also lend a helping hand.

It is worth examining, for instance, whether much greater facilities could not be afforded for providing the capital necessary for re-equipping plants in cases where the fundamental conditions were satisfactory. State credit for such purposes at low rates of interest might well prove a good investment by increasing the taxable capacity of industry and reducing the dead weight of unemployment. In other words, the principle of the Trade Facilities Act is probably capable of considerable extension. Of the industries which most need help and encouragement agriculture stands in the first rank. None is more depressed or has been longer neglected. For the last eighty years all the dice have been loaded against it, with the result that we have developed a top-heavy national economy. In agriculture the introduction of up-to-date methods and the improvement of organisation are at least as imperative as in industry. Without a higher yield per acre and better marketing arrangements there can be no recovery of rural prosperity. That an intelligent Government can do much to produce these results has been proved by many foreign examples, and is on the way to being proved again in Ireland.

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During the war, grave situations were retrieved often enough by courageous and energetic leadership. It is not less needed now. It is a time for new men and new measures, when it is better to make a few mistakes in attempting much than to play for safety with the certainty of achieving little. The present position is serious indeed, but it is by no means hopeless. Invaluable years have been frittered away in applying wrong medicines, because the disease was wrongly diagnosed; but its true nature is now becoming recognised, and the will to adopt the right measures to fight it is becoming apparent. There is, however, much lost ground to be made up, and time is an essential factor if we are not to lose more ground still. We cannot afford to squander further years in partial or inadequate efforts. Nothing that does not achieve a real industrial regeneration will suffice to restore our social well-being at home or our economic prestige abroad. If we fall short of that we may be a second-rate economic Power twenty years hence. Other countries are not waiting behind for us. If we cannot compete successfully with them the standard of living of all classes will be slowly debased, our accumulated wealth will gradually evaporate. The process of decline will be long and comparatively painless, but inevitably our great days will have passed. To falsify such sombre forebodings, which are already being freely whispered abroad, is the great labour of the next few years. To admit the fact frankly is not pessimism but rather the first condition of success. There are already signs of reviving determination and confidence in industry, which, if seconded by bold and far-sighted national leadership, will bring us out of the slough of despond. There are moral and material resources in the country and the Empire which, if properly used, are more than sufficient to guarantee our industrial future. But the nation can only make sure of its economic salvation if it sets about the task without delay, bringing to it a whole heart, a fresh mind and an unflinching spirit.



SENATOR BORAH AND THE FREEDOM OF THE SEAS

I.

TO challenge Senator Borah's logic when he discussed the Anglo-American naval controversy, to recall that no sea winds blow in his State of Idaho, to doubt the success of his proposed conference on the codification of maritime law, is to ignore the fact that he has seen fit to announce a position on the subject. Senator Borah has established a reputation for sensing what the public is thinking. He has a *flair* for coining phrases, for taking up slogans which seem to his fellow-citizens to crystallize an aspiration or to express a determination. He has proved himself the spokesman of *vox populi* a surprising number of times.

This is the chief significance of what Senator Borah says or does. He should therefore be considered, not as an instrument of precision, but rather as a slightly distorted mirror, reflecting that imprecise something which we call Public Opinion. What we see in that mirror will not be very clear, but past performances indicate that something will happen soon in the United States that bears a traceable resemblance to what we do see. What he has to say on Anglo-American relations is probably what an effective majority of his countrymen are thinking, or soon will think.

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II.

TO Borah the one serious cloud on the Anglo-American horizon hangs over the seas. He believes that America has been right in the long controversy with England over neutral and belligerent rights, that the English, having had might on their side, have refused to listen to reason, and that England no longer enjoys that monopoly of might to which she has been accustomed. He has developed these opinions in the Senate at some length. If asked to sum it up in a few words, he would say something like this :—

“We have become too strong ever again to permit the British to determine our rights on the seas for us. Every time they have gone to war they have ordered us about as though they owned the sea, they have treated the legal protests of all neutrals with contempt. The evil of this dictatorship is intensified by the fact that what they announce as international law applies only to others. They consider themselves above the law. When they have been neutral they have not allowed other navies to exercise the belligerent rights they claim for themselves when at war. They want to have it both ways. Their conception of sea rule is not one of law, but of force. They cannot expect to maintain it except by force. Such pretensions may be accepted under protest by the weak, but they are intolerable to the strong.

“There is nothing specifically anti-English in our attitude. What we protest against is not an English dictatorship, but dictatorship. We have no desire to wrest naval supremacy from them in order to exploit it for our own profit and glory. We desire a regime of law at sea—the Freedom which comes only from Law—which will render any dictatorship impossible. In this desire we can count on the support of all the peaceful maritime nations of the earth.

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"There are but two ways out of this controversy. If the British agree with us and other maritime nations in a precise definition of the laws of the seas—agree with such solemnity that any transgression of this code would be an obvious act of war, a violation of the Pact of Paris—the controversy would end and cordial Anglo-American relations, which we all desire, would be assured.

"The fifteen cruiser Bill submitted to this last Congress is foolishness. If we can come to an agreement with the British, it is too much. If we cannot reach an agreement, it is not anywhere near enough.

"False pride is a bad counsellor. Although we think the initiative should come from them, let us make one more appeal to reason. If our proposal to talk it over is rejected, then we will need a very much more comprehensive building program than the Navy Department has as yet proposed."

This is the gist of Senator Borah's proposal. No one man can adequately mirror the public opinion of a nation, but there is every reason to believe that the Senator from Idaho has made this proposal because he believes that it is the greatest common factor of American opinion on the subject.

President Coolidge has tried to snub his proposal for a conference for the codification of maritime law. But such a snub does not disturb a single hair in the Senator's leonine head. President Harding tried to snub him when he first proposed a conference for the limitation of naval armaments in December, 1920. The conference convened in November, 1921. President Coolidge tried to snub him when he first began to clamor for a multilateral treaty to outlaw war. The Senate has just ratified the treaty.

Except for the purpose of stirring cheers in a patriotic audience, it is well to avoid such exciting and formidable phrases as "The Freedom of the Seas" or "Britannia rules the waves." The important thing is that there is a widespread opinion among Americans who think of such

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things : (1) That they have a grievance against British naval policy ; (2) that it might be settled amicably by negotiation and agreement ; and (3) that, failing such agreement, a competition in naval building, intended to wrest from Britain the single-handed dominion of the seas, is in view.

III.

FIRST, what do the Americans feel this grievance to be? There is no use going into the details of the historic controversy, although it is well to remember that it is old—almost the longest thread in the rather short skein of American diplomatic history. Most American authors, after an introduction recalling that a Roman Emperor once said : “ I am indeed Lord of the world, but Law is the lord of the sea,” and after a reference to the *Battle of the Books*, begin with Jefferson’s writings. Jefferson denied the right of any one nation to dictate international law ; he believed that at sea as well as on land, internationally as well as nationally, government derived its justification from the consent of the governed. He proposed certain changes in the traditional status of belligerent and neutral in sea warfare, but he did not conceive of international law being altered except by agreement among the maritime nations. This view has been held with unusual consistency by the American Government ever since Jefferson’s time. Now and then it has argued for or against the alteration of some text, the introduction of some new concept ; but by correspondence with the Powers which drew up the Declaration of Paris after the Crimean War, at the two Hague Conferences, at the Conference of London in 1909, and during the negotiations which brought the last war to a close, the main contention of the American Government has been for the creation of a regime of agreed law at sea, the termination, that is to say, of a situation in

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which the rights of neutrals are at the mercy of the will of that Power which happens to control the seas.

It is not responsive for Englishmen to argue that during the Civil War of the 'sixties the American Government abandoned this position. Even if this were a true statement of the facts, it would simply be one more example of the evil against which the American protest is lodged. But it is not a true statement; the American Government has never regarded itself as engaged at that time in an international conflict. It has held that it was suppressing a rebellion. It claimed the same right under international law to close by edict the ports of the Southern States that the British Government claimed in order to prevent the shipment of arms to Ireland during the recent rebellion.

The basic American contention is that there should be conventional law based on the agreement of those who are concerned (presumably this is what Borah and his followers mean by "the Freedom of the Seas"). In England people agree to drive to the left, and in America they agree to drive to the right. Not even the gods on Olympus could decide which is the better traffic regulation. One convention is as good as the other if it is generally respected. What the contents of the Maritime Code shall be is not so important as that it should be based on voluntary agreement.

The American grievance, however, is not merely academic. It does not arise merely from an idealistic desire to extend the regime of democratic law from the land to the sea. The dispute has a practical origin. The experience of American exporters and importers during the period when President Wilson was trying to preserve neutrality is too fresh to be forgotten. The acuteness of American resentment on the subject may come as a complete surprise to most Englishmen, for at the time these things were happening the English had more important things to think about. Little news of the facts involved, of the accusations and counter-accusations, appeared in the British press. DORA was patriotically seeing to it that

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such matters should be presented to the newspaper-reading public in a manner to preserve civilian morale; and the United States was represented at the Court of St. James by a man who, in spite of his many real capabilities, was not in touch with the "folks back home." It was easier for the man in the London street to accept Mr. Bottomley's headlines, "Another American Note—Made in Germany," than to give thought and time to finding out what it was all about.

The main source of irritation in the United States was the constant, sudden and bewildering succession of Orders in Council. In theory, neutral traders can adapt themselves to almost any set of rules, provided they have time to learn them. Few, if anyone, in America, certainly not the Government, disputed the right of the British to use their navy for the purpose of intercepting commerce with the enemy. It is impossible, however, to play any game without knowing the rules, and Americans generally believed that the neutrals had a right to know what the rules were. But business takes time. If Orders in Council could be carefully studied, plans could be adjusted to them. American business men were irritated, however, because so frequently, after deals had been closed, raw materials purchased, work on the order completed, a new Order in Council would declare the whole transaction illicit.

It is to be hoped that the decision to put "bunker coal" on the contraband list was of some real assistance in winning the war. The venerable tradition of British Prize Courts, enforced even in the days of the desperate struggle with Napoleon, was that things "needful for the working of the ship or the comfort of the crew" could not be held contraband. Some very tangible advantage would have to be shown to compensate for the discredit this bunker-coal decision caused in the neutral world. No British action during the war created more resentment in the United States, among those who did not want to be resentful, than this repudiation of Lord Stowell's rulings.

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And for the Englishman who is still bewildered at this bitterness of American feeling on the subject, and wishes more explanation, it would be well to look up the record in the Zamora case.

The psychological aspects in time of war of such situations are exceedingly difficult to assess. There is a story of an old lady who, at the outbreak of the war, said she was absolutely neutral—for all she cared, either the French or the English could hang the Kaiser! Few observers of America in those days would question the statement that an overwhelming public sentiment favored the Allies. While a great majority at first hoped to keep out of the war, it was never more than a small minority that wished Germany to win. On the whole, American neutrality was never even-handed. The Austrian ultimatum to Serbia and the invasion of Belgium had prejudiced the country against the central Empires long before the sinking of the *Lusitania*. But by 1915 the old lady's notion of neutrality was not common. America was much more pro-French than pro-English. British naval policy had made the difference.

IV.

WHAT do Americans mean when they talk of settling this old controversy by agreement? The question is not easy to answer. There are many proposals, and even Senator Borah has not yet made up his mind which proposal will rally most public support. He still hides behind the resounding phrase "Codification of International Law." It is doubtful if one would be able to get anything more precise from him about his proposed conference. And in this indefiniteness of his own proposal he mirrors precisely the American mind.

Many individuals and several important groups in America are making a careful study of this problem. Dozens of proposals have been made. At one extreme is

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the hundred per cent. perfect, but hardly conceivable, solution of an Anglo-American alliance which would assure the absolute co-operation of the two navies. Other proposals are based on the new distinction between private war and international police action. Dr. James T. Shotwell has pointed out in a series of brilliant articles that the Kellogg Multilateral Treaty for the renunciation of war as an instrument of national policy throws an entirely new light on the problem of neutral and belligerent rights. He has suggested that a solution may be found in a new multilateral treaty renouncing neutrality as an instrument of national policy!

Certainly every advance toward the organization of peace lessens the chance that this problem of neutral rights will again arise; for it is not a problem of peace, but of war. If war could effectually be outlawed or suppressed by American entrance into the League, by the Briand-Kellogg Pact, by perfecting the network of arbitration, conciliation and security treaties, navies would automatically drop to the position of floating policemen. This line of argument is, however, more logical than psychological. If the Covenant of the League has not persuaded its members to disarm in ten years, it is not likely that Mr. Kellogg's Treaty will produce a miracle over night. At best there will be a long period of transition.

The logic of the man in the street in America is simple—perhaps too simple—but it runs in this wise. "The English would not build so many cruisers, if they did not expect another war. If they fight, we will want to be neutral, and once more they will try to boss us." Folk-logic—and it is as an exponent of folk-logic that Senator Borah is important—always holds that the other fellow is to blame. In spite of Covenants and Pacts, American opinion on the whole believes in the probability of another war in which Great Britain will be a belligerent and the United States neutral. The real danger is felt to lie in the possible recurrence of a situation similar to that of

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1914: a European war, for whose origin the people of the United States feel no responsibility, in whose outcome they are not yet interested. Then, if there were no prior agreement as to neutral and belligerent rights and duties, controversy would become acute, and American opinion would clamor for effective protection against arbitrary and erratic Orders in Council. But if some agreement had been reached, if there were assurance that the agreed rights would be respected, there might be nothing left to the controversy.

Senator Borah has not said that he has a detailed program for his proposed conference; there is no consensus in American opinion as to what should be the content of an agreement. At one extreme, Colonel House maintains the pure doctrine of absolute non-interference with neutral commerce. He would give up the idea of contraband on the ground that it is indefensible in the modern world, and would limit the function of warships to the single task of fighting enemy vessels. It is amusing, however, to note that American naval men regard this extreme extension of the American doctrine as altogether too pro-British! Such a regime, they maintain, would allow the British Admiralty to concentrate its fighting power at one point instead of scattering its ships as convoys, and thus in fact destroy "parity."

But all opinions are not so extreme. Throughout this long controversy the American Government has upheld the belligerent right of blockade, of "visit and search." There is little indication that American opinion has altered much in this matter. So if representatives of the two countries were to sit down and talk it over, they would each find that there was a large gap between the sea law they would like if they were neutral and the law they would like if they were belligerent. There would probably not be much difference between the limits which each side would set up, although the United States, thinking of themselves as likely to be neutral, might emphasize neutral rights. The

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field of compromise would lie between these neutral and belligerent objectives. And the result of an agreement, if it could be reached, would be that neither side, whether belligerent or neutral in a future war, would be free to insist on its full claims. Each side would surrender some of its belligerent claims in the hypothetical future war and would obtain some added protection to its commerce in the certain periods of its peace.

There is a growing sentiment in America to give consideration to the distinction between public and private war, between aggression and defence, between treaty-breaking and treaty-enforcing action. If this sentiment should become dominant—and shortly before it does, Senator Borah, unless his brain has lost its cunning, will come out for it—the problem would be obviously altered and simplified.

With goodwill on both sides, enough building material could be found to erect the necessary edifice. "Surely," the man in the street says, "the English do not want a race in naval building any more than we do. We ought to 'get together.' We ought to make mutually satisfactory arrangements."

And the shrewd Senator Borah would probably say, "Since the man in the street does not know exactly what he wants, it will be all the easier to satisfy him. It does not so much matter what we agree upon: he wants an agreement." It must be a rule that works both ways, but beyond that the details are relatively unimportant, and since Mr. Borah is more than shrewd and clairvoyant, since at times he shows authentic statesmanship, so might he add: "Neither the British Admiralty nor our Navy Board can foresee the circumstances of a next war. Once upon a time our government stood out against all the world in refusing to give up privateering. We thought our national existence was at stake. Yet we have never issued a *lettre of marque* since and we have never wanted to. The circumstances of war change so rapidly that it is absurd to quarrel

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over details. Even if all we got were an agreement not to alter the contraband list after hostilities broke out, it would be something. It would not be enough, but it would be something. There would be a number of such somethings and out of them all we could contrive an agreement. It might not cover all the ground, it might not reconcile every difference, but it would lay a foundation—like the Kellogg Treaty—on which we could build still more.”

V.

WHAT is the alternative in case this desire for a settlement by negotiation and agreement is not realized?

It may be well to consider the Naval Bill which is before Congress as this article is written; a vote will probably have been taken before this issue of *THE ROUND TABLE* goes to the press.* The vote, whichever way it goes, will give little information on the probable development of American naval policy. Among those who vote for the Bill will be some who consider it final and some who consider it a weak first step. The matter is complicated by a dispute over the budget practice. Certain Congressmen, who have little interest in naval affairs, are violently opposed to this particular Bill because the form in which it is drawn threatens to falsify the whole budget principle. If the Navy Department is permitted to present its estimates in this manner, they say, all the other departments will follow their lead. It is further complicated by a serious, if subterranean, dispute within the Navy Department: the air and submarine services wish a larger share of the appropriation. The situation is confused still further because some Senators, who might have opposed the Bill, promised to vote for it in exchange for pledges to support the Kellogg Treaty. The one thing which is most probable

* On February 5 the Senate passed the Cruiser Bill, including the time-limit, by 68 votes to 12.

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is that the vote will not be on a clear issue of naval policy *vis-à-vis* Britain.

The alternative to an agreement with the British cannot be considered except as a long term development. The alternative will not be set forth in an isolated act of Congress, but in the trend followed by a long succession of Congresses. American naval men are inclined to think that the problem is simple: "We have the men, we have the money. All that is necessary is for Congress to accept our advice and pass the measures we suggest." But American naval officers—as is the case in other countries—are generally caught young, trained in a special school where they are shielded from the concerns of civilian life, and then for the greater part of their careers they are kept within the narrow and narrowing confines of the "quarter deck." Senator Borah is undoubtedly a good mirror of the larger American opinion when he insists that the matter is not so simple as merely voting certain appropriations. More is involved, more required than the navy men see. Just as the promoters of aviation have launched an elaborate propaganda to make "America air-minded," so for any effective naval race with Great Britain it would be necessary to make the American people more sea-minded. It could be done, but it would take time. First of all it would be necessary to overcome the American sense of security. Once Americans were made afraid, they would vote military and naval appropriations just as freely as Europeans. It would be necessary not only to stimulate distrust and fear, but a definite antagonism as well. Senator Borah is not talking empty platitudes when he says that such a course would represent the sacrifice of the American heritage, the loss of the last blessing of the New World, the ultimate surrender to the disease of Europe from which the Pilgrim Fathers fled in the hope of creating a new nation. He is saying what nine out of ten of his nation-wide constituency feel, when he says: "Let us not embark on this course, until we have made every effort to secure agreement.

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Let us ask once more, even if it may seem humiliating to renew the request for a conference which has so often been rebuffed. The admirals and the amateur sea-lords may protest that this is weak-kneed sentimentality, but the mass of the people think that it is common sense."

VI.

POKING fun at Borah is the favorite sport of less successful politicians. He is full of oddities. When he rides horseback in Rock Creek Park he does not dress for a polo game. Unlike other men of our times, who lead the strenuous life by day, he does not read himself to sleep with a detective story; he happens to prefer the classics. When he occasionally dines out, the intriguing ladies who beg the hostess for a seat beside him—in the hope of discovering some secret of the Foreign Relations Committee—have to listen to stories of Little Dorrit, Sarah Gamp or Uriah Heep. He knows his Dickens by heart. There is probably no man in public life who is more thoroughly convinced that "consistency is the hobgoblin of little minds." He has defended both sides of many questions, but his best abilities are exhibited in attack. He is much more important as an opponent than as a friend. His natural talent for opposition has thrown him generally on the liberal side of domestic questions.

Endless malicious stories are told of his inconsistency, his disloyalties, his vanities, but when word gets about that Borah is going to speak, the Senate—generally the dullest deliberative body in the world—comes to life. There are long queues at the doors to the public galleries. The lobby empties, committees adjourn for lack of a quorum. Every seat on the floor is filled and even the professional cynics of the Fourth Estate quarrel for the front row in the Press Gallery.

Borah's popularity as a Senatorial orator is something of a mystery. He occasionally rises to heights of old-

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fashioned eloquence, he is sometimes magnificent in diatribe, withering in scorn, but generally his speeches are quite dull. In debate he always has the advantage—which some of his colleagues consider, if not unfair, at least ungentlemanly—of knowing his subject. He is a hard worker. He prepares his case. During the Senate's discussion of the Permanent Court of International Justice for instance, it was painfully clear that Senator Borah, who led the opposition, had read the statute of the Court and was familiar with its decisions. He knew so much more about the subject than the supporters of the Court that he reduced them to confusion.

But this undisputed superiority in taking pains does not fully explain Senator Borah's hold on Congress and on the country. There are other famous debaters in the Senate—notably Glass of Virginia and Reed of Missouri. Both of them have recently crossed swords with Borah and any judge would have given them the decision. They scored heavily again and again; they successfully proved his lack of logic and his lack of consistency, but Borah won the popular verdict.

In the last campaign Borah invaded Virginia on behalf of Hoover. Senator Glass "trailed" him on the next train. Everywhere that Borah spoke, Glass spoke too. Not so very long ago Hoover was Borah's *bête noire*, so Glass had saved from the Congressional Record all the articles which the Senator from Idaho had launched in the Senate against the Republican candidate. They were quite startling. Borah, it appeared, had accused Mr. Hoover of dishonesty, of Cæsarism, of every crime in the political decalogue. But Borah in person triumphed over Borah in the Congressional Record, and the Republicans carried Virginia for the first time since the Civil War.

More recently, Reed of Missouri led the fight against the ratification of the Kellogg Treaty. In the end the contest narrowed down to a debate between him and Borah. Although belonging to opposite parties, they had

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fought together against the Treaty of Versailles, the League of Nations, the World Court and every "foreign entanglement." Reed, like Glass, fought Borah with his own words. He gave copious quotations in which the Senator from Idaho had warned his fellow countrymen against just those dangers with which the Kellogg Treaty bristled. But Borah won.

It is impossible to separate cause and effect. Borah undoubtedly believes that he leads public opinion. Others would say that he is remarkably clever in following, in edging his way up to the vanguard. But every student of current American politics admits that, whether it is a case of leading or following, Borah and Public Opinion are generally marching in the same direction. This is his principal significance. While it would be absurd to describe Mr. Borah as a perfect mirror of the American mind, he is probably the best we know; and it is for this reason that what he has to say about Anglo-American relations is worth consideration.

The United States of America,
February 1, 1929.

THE CEYLON REPORT

I. COMMUNAL REPRESENTATION

ON August 6, 1927, a special Commission was appointed under the chairmanship of Lord Donoughmore to visit Ceylon and to report upon the existing constitution. Their report which was completed on June 26, 1928, has had an indifferent reception in the island. The National Congress rejected a proposal of its executive in favour of government by committees by 198 to 96 votes, and the Legislative Council passed a similar motion rather later. It also found little approval in India; but in this country it has had a favourable press. People of a liberal way of thinking like the bold proposal to establish manhood suffrage* on a common roll, and the idea of deposing the bureaucracy from what a writer in the *New Statesman* called "the key positions." Labour has promised its support in Parliament subject to minor modifications. Old-fashioned Conservatives, on the other hand, are attracted by the notion of a Governor allowed to do a little off his own bat. THE ROUND TABLE itself† spoke of the Report as "likely to remain a landmark in the history of constructive politics," a tribute which it has earned, not only by its exposure of the trouble in which the divorce of power from responsibility, which marks the existing system, is bound to land a country like Ceylon, but even

* It is proposed that women over 30 be given the franchise on the same terms as men, i.e., a five years' residential qualification. Registration is for both to be restricted to those who ask for it and who have resided in Ceylon for five years.

† THE ROUND TABLE, No. 72, September, 1928, p. 711.

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more by its searching analysis of the drawbacks of communal representation, as applied to an Eastern people, whom it is our purpose to help on the road to self-government.

The Commission's verdict on the latter point comes at a time which invests it with peculiar importance. Ceylon and India are not the only portions of the Empire where the problem of securing the political rights of minority communities, or backward communities, under a system of parliamentary government, is under consideration. No doubt some of the support which the idea of representation according to communities rather than territory has attracted is due to the fear that the security of a numerically small white community of superior civilisation would be jeopardised if its members had to vote in open constituencies where they might be hopelessly outnumbered by native votes. But it would be a mistake to apply conclusions, based upon the conditions of territories where there is a substantial permanent white settlement to those of Asiatic countries where the white man is not permanently domiciled in strength. The aim of political reforms in India and Ceylon is to carry those countries directly forward to a point which will be attained by African countries, only when the difficult question of adjusting the political relations between the white and black races has eventually been solved. The Asiatic problem is one of finding the right political institutions for Eastern peoples who are broadly speaking all at the same level of civilisation. Whatever minor measures of protection may be needed for them, the small European minorities domiciled in Asia will in the main have to conform to whatever is decided to be in the best interests of the mass of the people. In seeking, therefore, the right line of advance in Asia, there is no need to let ourselves be distracted by thoughts of totally dissimilar conditions in East Africa or South Africa. But no one can deny that the discussion of communal dissensions in Ceylon has a direct bearing on India. India

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also is divided by communal discord ; India's political constitution is also in the crucible ; and for this reason no discussion of the Donoughmore Commission's proposals for Ceylon can be complete without some reference to their probable reaction upon conditions in India also.

Regarding Ceylon, the Commission clearly feel no doubt. Nothing in their Report is more decisive than their condemnation of the idea of maintaining separate electoral rolls and separate constituencies for the various communities which make up the population of the island. Communal representation, say the Commission, has missed its aim. It has not helped to unite the various elements. On the contrary, it has tended to hinder the development of friendly relations and the acknowledgment of common aims. It breeds self-interest, suspicion and animosity. It tends to stimulate the zealots and to obliterate the moderate men, because it sends representatives to the legislature "with the idea of defending particular interests instead of giving their special contribution to the common weal." If there were reason to hope that experience of it were leading minorities to set less store by it, it might be condoned as a temporary makeshift ; but, on the contrary, the evidence shows that the appetite for it grows by what it feeds on. Communities that enjoy some measure of it ask for more ; and others which are without it demand their portion. There are at present ten or eleven communal seats ; fifty would be required to satisfy all the claims which have been put forward. The Commission do not believe that minorities in Ceylon are in real danger of oppression, and think that all practical requirements will be met by giving the Governor the power, in case of need, to nominate members to a limited number of seats.

How does all this bear upon the problem of India's political future ? There are obvious reasons for being on our guard against any too hasty inference. Ceylon in population and revenue is comparable to a fraction of most of the provinces of India. Religious and caste

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divisions are few and simple compared with those of the sub-continent. The strongest minority in the island, that of the Indian immigrants, numbers only 700,000. There are 540,000 Ceylon Tamils and 312,000 Moslems. The communal system is of recent introduction, and not justified by the existence of tense religious discord. The Ceylon Moslems admitted that, if the legislature ever were to impose religious disabilities on them, it would be clearly rather out of ignorance than ill will. All these things make a difference. If Sir John Simon and his colleagues find the great majority of 70 million Moslems in India out of distrust of their Hindu fellow citizens clinging tenaciously to the protection conceded to them by Lord Minto and confirmed to them by Mr. Montagu and Lord Chelmsford, it may not prove as easy for them as for Lord Donoughmore and his colleagues to make short work of what the latter describe as "a canker on the body politic."

If that is so, what then? We shall have reached a crucial stage in the great experiment, and to bring it to a sound conclusion we shall do well to pause and clear our ideas. We know what we want to do. We want to make India and Ceylon self-governing countries, and in the case of India at all events, we have defined our aim as being "responsible government." We have to ask ourselves whether the communal representation of minorities is or is not compatible with such an aim. This question has never really been thought out to a conclusion. It was never raised when Mr. Montagu made his declaration in August, 1917. It came up some months later, and it is dealt with in paragraphs 228 and 231 of the Indian Reforms Report.* The authors of the Report were substantially of the same mind as Lord Donoughmore and his colleagues. They held that a division by castes and creeds meant the creation of political camps organised against each other, and taught men to think of themselves as partisans and not as citizens; that it offered no likelihood of a change to undenomina-

* Cd. 9109.

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tional representation ; that it encouraged minorities in a feeling of dulled security, and majorities in a propensity to licence ; it was the enemy of the give and take which is the essence of political life. But having said so much, Mr. Montagu and Lord Chelmsford shrank from drawing the logical conclusion which Lord Donoughmore has drawn. They spoke of the communal system as "a very serious hindrance to the development of the self-governing principle." They hinted at "slower progress towards the realisation of a common citizenship." But they did not clinch matters by using the one practical argument which might have appealed to thoughtful Indians more powerfully than any *a priori* generalities, however sound. They did not point out that because it imposes on each community cast-iron limits of representation in the legislature, alterable only at the pleasure of some external authority, the communal system, so long as it endures, involves a palpable bar to the attainment of real self-government.

The outstanding merit of the Donoughmore Report thus is that it ought to cause a vital issue to be squarely faced this year. It is conceivable but not likely that the evidence laid before the Simon Commission as to communal electorates in India will lead that body to conclude that the investigators of 1917-18 in India and the investigators of 1927-28 in Ceylon were both mistaken, and that communal electorates soften discords and promote civil unity. But if they do not think that, then they have a choice of two courses. Either they must address themselves to the destruction, probably the gradual, but certainly the resolute and progressive, destruction of all communal barriers ; or they must report that the wishes of powerful minorities must be respected and the barriers maintained, but at the price (which the reformers of 1918-19 hesitated to formulate) of the recession into the dim future of the attainment of self-government. The one thing which they will not be able to do with a good conscience will be to reaffirm the old purpose and simultaneously to

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strengthen and sanctify the biggest obstacle in the way of attaining it.

But it is time to turn to the scheme of the Report, and to examine whether it is likely to work in practice and to make the people of Ceylon better able to manage their own affairs. This article will confine itself to purely negative criticism. As a general rule such criticism exposes the critic to the charge of non-constructiveness ; but in this particular instance there are strong reasons for deferring any positive suggestions until the cognate questions which are being examined in India have been pronounced upon and the complete material is available.

II. THE COMMISSION'S SCHEME

ALTHOUGH the Commission do not consider Ceylon suitable for responsible government in our sense of the word, they claim that it is both possible and desirable to give her, subject to certain safeguards, complete control of her own internal affairs, by adopting the scheme set out in their Report. In it they have not made use of the usual parliamentary model. "The parliamentary system of government is," they point out, "essentially dependent for its success on combined as opposed to individual effort, on the existence of parties whose representatives agree on a common policy, work together in support of their party's aims, are loyal to each other and to their party's decisions, and preserve on all major issues a united front in Parliament." In Ceylon, however, they find "no immediate prospect of the appearance of a party system but a serious danger that in the formation of parties obligations of race or caste would be too insistent to be ignored," and they consider that it would be "difficult to discover any clear-cut lines of division on political, constitutional or economic issues which would form the basis of a party system suited to the constitution and forms of British parliamentary

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government as that has generally been understood." In any case, they suggest, that particular type of government is at the moment very much on its trial both at home and abroad.

The situation which they found in Ceylon was as follows : Beyond a little municipal reform and the resuscitation of village councils about the middle of the last century, there was practically no change in the old simple Crown Colony type of government till 1910, when the Legislative Council was enlarged and the elective principle introduced (for four of the Councillors), the official majority being left undisturbed. In 1917, however, people began to agitate for an elected majority, and in 1920 this was conceded, the executive still remaining responsible to Whitehall. In 1923 the elected majority was increased. Communal representation was introduced in 1910, but until 1923, when they were given three seats in the Legislature, the Mahomedans were represented only by a nominated member. Brief as the experiment has been, the results of the 1923 constitution are not to-day in dispute. Under it, the power passed to the elected members and, as they had no responsibility whatever for the government, the chief quality developed in them was a habit of unconstructive criticism. At the same time, the policy of extreme conciliation adopted by the authorities in their endeavours to carry the legislature with them had the effect of unnerving the civil service. The Governor still had the power of passing measures considered by him to be "of paramount importance," over the heads of the elected members, but the term, "paramount importance," seems to have proved as difficult to define in Ceylon as "aggression" has at Geneva, and in actual fact the power has never been used. The Governor, indeed, although still solely responsible for the government of the island, appears to have become little more than a figurehead. A change of some kind had obviously to come. The Commission's way of effecting it would be as follows. An enlarged council (to be called the Council of State) would

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take the place of the present Legislative Council, and consist of the following elements : (1) 65 members elected on manhood suffrage* and a common roll for a term of four years ; (2) three permanent officials to be called Officers of State, to wit, the Colonial Secretary (in future to be styled the Chief Secretary), the Treasurer and the Attorney-General, with the right of speaking but not of voting ; and (3) if thought necessary by the Governor, twelve nominated members, including three to represent the European community. There would be no executive council and the forty existing departments of government would be reconstituted in the ten new groups shown in the appendix to this article. The members of the Council (except the Officers of State) are to resolve themselves by ballot into seven standing Committees, each of which would be in charge of one of these groups, the remaining three coming under the Officers of State. The chairmen elected by the seven committees would themselves, together with the Officers of State who are again to have no vote, only the right to give advice, constitute what the Commission call a Board of Ministers which is to act as a Finance Committee and to deal with questions of order and procedure. The Chief Secretary would be its chairman, but would not represent it in the Council. For that purpose the Board is to elect one of its other members (not an Officer of State) and the person chosen is to enjoy the title of Leader of the Council. The work of government is to be done by the seven committees but their decisions must be confirmed by the Council and approved by the Governor, before action is taken. The Council will sometimes sit as an executive and sometimes as a legislative body. Each committee chairman will have his own secretary and staff. There would no longer be a "Governor in Council." The Governor is to have the right of consulting the Officers of State, but he is in future to act on his own account. He is expressly released from his present responsibility for the

* For the proposed franchise for women see the note on page 295.

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government of the colony, and normally he would not be expected to refuse or to reserve his assent to Bills, unless they are of a kind that he is bound to treat in this way under his instructions ; his powers are, however, in future meant to be used, and he will be free to use them on his own judgment. He can also still pass measures, if he considers them to be " of paramount importance " over the heads of the Council.

Such are the main heads of the Commission's proposals. The chief things to notice about them are as follows :

(a) The Board of Ministers is to be in no sense a Cabinet. The responsibility of its members would be individual and, except for one single purpose, that of the budget and the yearly and supplementary estimates, not collective.

(b) The only possibility of the four-yearly term of the Council of State being interrupted by a general election would be the rejection of the budget or the estimates, or the passing of a vote of no-confidence.

(c) The Governor is to have limited but real and personal powers.

III. THE ORIGIN OF THE SCHEME

SUCH is the scheme. Where did it come from ? The Commission acknowledge their debt to the League of Nations, but the League is a deliberative body and not a government at all. The proposals have been greeted as a new invention. They certainly do not seem to have been borrowed from foreign sources. Neither the French nor the Dutch have anything of the kind. An assembly with legislative powers was started for the first time in 1927 in Java, which up to the Armistice had been governed with a high, if benevolent, hand ; but her new constitution does not diverge from the beaten track. In Indo-China political arrangements are different, but there, too, there is nothing like the Commission's plan. The basis of the structure is

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village home rule, which many people think might have been the basis of political development in India.

And the Commission were doubtless right in not going to the French or the Dutch for a remedy for the troubles of Ceylon. We are too different from one another. The French in Indo-China, as Sir Hesketh Bell points out,* begin with the bottom. They like indirect rule; but, although a potentate has been suffered to survive here and there, generally speaking they prefer to evolve their own top in the shape of a body of specially trained and selected natives of the country who know on which side their bread is buttered, rather than to trust, as we do when we use indirect rule, to the chiefs of the old régime. They certainly take good care that no new top springs up and takes them by surprise. The growth of a politically minded intelligentsia, such as has been making the pace in India and Ceylon, is methodically retarded by a system of education expressly devised to keep the people from "coming on" too fast, though special safety-valves are left in the form of openings for youths of exceptional promise, if they show no sign of a disposition to give trouble later. As for representation and councils, they are of the most restricted kind and, although the right of orientals to reach self-government some day or other is recognised, any idea of equality at the present stage would be scouted. It was only in the first wild careless rapture of the Revolution that the French bestowed civic rights indiscriminately on the "black brother" in San Domingo and other old colonies. They do not pretend that they went to Indo-China solely for the good of her inhabitants, though, as the new Governor-General pointed out in 1925, "in working for their own profit and advantage they have at the same time worked for the benefit of the natives."† But trade is kept as far as it can be in French hands, and a surprising amount of direct taxation is got out

* See *Foreign Colonial Administration in the Far East*, an admirable and suggestive book by Sir Hesketh Bell, G.C.M.G. (Edward Arnold and Co.), pp. 256-257.

† *Ibid.* p. 235.

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of the country (in Ceylon taxation is nearly all indirect). French settlers too are encouraged, just as Dutch ones are in Java and used to be in Ceylon before we took over the island a century and a quarter ago. There is to this day a Burgher class composed of their descendants numbering 30,000 souls. It is easy to imagine how enormously a similar policy would have added to the complications of the constitutional problem in India if it had been adopted in that country, for British colonists would have meant the introduction of an unassimilable element.

But enough has been said to show how different our respective systems are. French success—and both they and the Dutch have had more of it than is generally realised—depends upon something more imponderable than either constitutional theory or administrative practice. There is a human touch in their relations with coloured peoples which one does not find in our own dependencies. Many of us, indeed, would not have it even if we could; but thanks to it the French manage better than we do to avoid offending the kind of susceptibilities which have come to be known as an inferiority complex. A friend with an exceptional experience of India once remarked to the writer that to-day there was not even the touch that *liaisons* with Indian women used to give in the time of the nabobs. We can, no doubt, take a point here and there with advantage from the French or the Dutch, but even if we had a clean slate in Ceylon, which is far from being the case, we should probably be incapable of applying their methods. After all, we can only teach the lessons that we ourselves have learnt.

It is, however, unnecessary to go abroad at all to find a prototype for the Commission's scheme. One need not even leave London. No one with the most superficial knowledge of municipal work could fail, after reading the Commission's report, to exclaim, "Why, this is our old friend, the London County Council!" And so it is. The Governor's position, it is true, would correspond to nothing municipal, and there are a few other points of

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difference which are vital from the point of view of efficiency, as it is hoped to show later ; but these things in no way vitiate the comparison. The scheme is indistinguishable in principle from the municipal model created by the British Local Government Act of 1888.

IV. WILL THE SCHEME WORK ?

IT does not, however, matter where the scheme came from provided that it will serve the purpose. The first doubt which suggests itself is whether it can possibly provide in practice the driving power and unity upon which every government depends for its efficiency.

In Italy these are supplied by an autocrat, in Great Britain by a Cabinet bound to stand or fall collectively by what its members do, its force being derived from the support of the party or combination of parties which has secured a majority of the electors' votes by putting before them a joint programme or policy. There would be no such leadership under the Commission's scheme, and it is not pretended that there would be. Each of the Commission's committee-chairmen is to be responsible only for his own committee's proposals ; the responsibility is, in a word, to be individual. Except for the budget and estimates, there would be no joint responsibility. Even if the proposals of a committee are rejected nothing need happen—the committee-chairman is not obliged to resign, and there is no general election. The Commission might, however, meet this general objection by saying that a municipal government works, though it differs from either a parliamentary system or an autocracy. Perhaps, then, an analysis of municipal arrangements may disclose some source of unity and drive although there is no autocrat or Cabinet, and although the party motive is either absent or so weak as to be, by itself, incapable of securing either of these essentials. It is true that the

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elections for the London County Council are held on a party ticket ; but the aim of the 1888 architects was to exclude " politics " and to secure a " best men " administration, an object which was to a large extent attained. For, although the great parties grabbed at the new machinery as soon as it appeared, " politics " have never really dominated the London County Council. They count, no doubt, in open Council, but the real work is done, away from the limelight, in committee,* and there human nature proves too strong for party in the ordinary way. That is why Liverpool and Birmingham, two of the most Conservative places in the kingdom, have come to be standing examples of municipal enterprise. Keeness soon infects the most sceptical of Municipal Reformers. It must be remembered that detail is the staple of municipal fare. The objectives are, unlike those of a State government, local, concrete and limited. For many people that is the fascination of the work. One sees things done. Politics in the party sense depend much more on theory for their nourishment. In a municipality even minorities wield influence out of all proportion to their numerical strength, for the simple reason that the personal factor counts in committee and, apart from this, a great deal of the work raises no question of party principle whatever. The result is that one finds a general attitude of one kind or the other rather than rigid party discipline, and even when the attitude is an obstructive one, it tends to become modified, except perhaps on the Finance Committee, where such tendencies find a natural and often a healthy outlet. And so it comes that the different sections of opinion represented at the County Hall are to-day rather allies than wings of the political parties. Party spirit can be counted upon only for a weak impulse even here in England, where the party system was strong before municipalities were thought of. In a country like Ceylon where

* For the spirit which animates a healthy municipality see *The Story of the London County Council*, by Emil Davies, Chap. IV. (The Labour Publishing Co.).

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the Commission find no trace of a healthy party system, it would certainly have no chance of developing under a municipal constitution, even if the other conditions were favourable, which they are not. For the requisite drive and unity, moreover, something more than this general attitude, which does duty for party spirit, is in any case required, even when the keenness which distinguishes a healthy municipality goes with it.

And this need was not overlooked by the framers of the 1882* and 1888 schemes. The Chairman and the Clerk of a municipal Council in their respective ways supply exactly what is wanted in the way of a unifying factor. The Clerk is present, either in person or by deputy, at every committee meeting, and in this way he obtains a grasp of the working of the whole machine, which enables him to prevent any of its functions failing, or the programme of the Council from falling into arrears. The oil, too, which stops friction between departments should be supplied by him; he must have the administration and its methods of working under his continual observation, and it is his task to keep the committees up to the mark and to see that their references do not become a dead letter; the committee clerks are his subordinates,† and he has the General Purposes Committee to appeal to. In this way the enthusiasm which gives drive does not run to waste; but no committee-chairman, however keen or competent, could fill the Clerk's place, for he has not the necessary bird's-eye view. Even the Chairman of the Council is too much occupied with questions of a general nature to get the grasp of detail which renders it possible for the Clerk to see that every part of the machinery is in gear.

In the Commission's scheme, however, there is no Clerk

* See The Municipal Corporations Act 1882.

† In London the Clerk of the County Council is not the clerk of the Education and Asylums and Mental Deficiency committees, but even these he is required to attend and to advise on procedure. On this question generally see *Municipal Organisation*, by Montagu H. Cox, 1922 (Isaac Pitman, London).

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and no Chairman. It may be said that the Chief Secretary will fill the Clerk's place: he is also to have the right of attending all committee meetings. Yes, but he will lack the Clerk's antennæ. The Commission's committee clerks are not to be his delegates, but so many little clerks "on their own," and in place of one secretariat there are to be seven secretariats—ten, if the departments of the Officers of State are taken into account. But, what is far more important than any defect in machinery, the Chief Secretary will lack the Clerk's influence. The Clerk owes his to the fact that he is the Council's own man. They trust him because they appointed him and because they can dismiss him if they are dissatisfied with him. The Chief Secretary's very security in his office would prove a fatal handicap, for he owes it to an outside authority. It will, moreover, be his duty, besides assisting the Council, to advise the Governor, that is to say, the personage who, for the committees, will always be the embodiment of alien power, and who may at any moment block one of their pet schemes. This would literally mean serving two masters, and the Chief Secretary's coadjutors, the Treasurer and the Attorney-General, will be in the same plight as himself. Nor will the Governor be in any better position to supply the unity that is wanted. It is expressly provided that he is to keep in constant touch with the committee-chairmen "and through them with every branch of the administration"; he is also to have the agenda and minutes of the committees and the Council. But a Chairman of a municipality needs no open-sesame because he is the Council's man, just as the Clerk is. No written powers will extend the cover of a mayoral mantle to the Governor, or predispose either committees or Council to take his advice. The factors which secure unity and drive in a municipality, then, seem to be altogether wanting in the Commission's scheme.

But even if the want of a Chairman and Clerk could be got over, it is more than doubtful if a municipal model

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would be suitable for Ceylon, because the scope of the government of a colony, even of a small one, is necessarily wider than that of a municipality, as a comparison of the lists of the London County Council committees and the Ceylon Government departments in the appendix will make clear. The former are concerned with local, the latter with national services, and neither are really suited for the other's work. Their task is not the same. The fact that the population in each case is approximately five millions does not affect the matter; the difference is one of kind. Centralisation, such as is obtained through the Clerk, works well only because the municipal sphere is concrete and limited. It would break down, just as the Colonial Secretary's sort of centralisation has done in Ceylon, if it were to be applied to a wider sphere. For the very fact that the municipal system is meant for detail imposes limits upon its capacity for expansion. Nor can the difficulty be got rid of by simply giving up centralisation and having ten secretariats instead of one, as is proposed in the Report, in order to prevent the glut which at present results from everything having to pass through the neck of a bottle in the office of the Colonial Secretary. For a sphere which passes the limits of municipal capacity you must have a completely different sort of government with its functions apportioned in such a way as to leave both the executive and the legislature free for the broad questions which are their real business, and to attribute its proper sphere to each part of the body politic.

The Commission's scheme, in truth, confuses policy and administration. No provision is, moreover, made for the proper formulation of the questions to be dealt with by the legislature. There is a passage in the Report on Indian Constitutional Reforms which suggests the principles on which this matter should be regulated.

A deliberative body (says the Report)* cannot suitably deal with

* See *Report on Indian Constitutional Reforms* (Cd. 9109), p. 139.

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details, because its constitution unfits it for such work. "Individually the members may express the most involved opinions, the most complex and divergent sentiments, but when it comes to voting, the body can only vote yes or no." It has to adopt or reject whatever propositions, original or amended, are laid before it. It can only proceed by formal rules, and it cannot arrive at its decision by quick interchange of views in conversation as a small executive body can. If proposals, once carried in the assembly, are to be effective, then their wise and accurate formulation becomes a matter of supreme importance ; and no one but the authorities responsible for the administration has the knowledge to undertake this. Resolutions by the Assembly should therefore be concerned with questions of policy or principle, and not with details.

The Commission's scheme would depart from these principles, and involve one of two alternatives which seem equally undesirable. Under the first the legislature would have to do without the proper formulation and clear presentment of proposals submitted to it, on which the Montagu-Chelmsford Report lays so much stress, for the recommendations of the committees to the Council of State would necessarily be different from those of a responsible Minister. The Minister's represent a considered view arrived at with the assistance of departmental expert advice and framed with the precision which renders a simple affirmative or negative decision by Parliament possible. His proposals are assured beforehand of the support of his colleagues, and they come directly before Parliament for final decision. The recommendations of the Ceylon committees will sometimes represent the view of the majority of the members, which may or may not include the chairman, who has to put the resolution before the Council ; they will frequently represent a compromise. In an ordinary municipality like London or Birmingham the fact that there is a committee stage in the passage of a resolution is no bar to adequate formulation and presentment for the purpose of the Council. The concrete and local character of the work lends itself to such a purpose. But the Ceylon committees would not be ordinary municipal ones. Their work would embrace the national field

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and their proposals involve highly theoretical issues and far-reaching principles. There would always be the complication of caste, race and religion, and the clash of interests that it entails. Under such conditions no expert assistance will be able to prevent a great deal of inaccurate or unwise formulation and obscure presentment which in its turn means unnecessary confusion and waste of time. The Council may, indeed, often be unable to deal with the questions put to it in an effective manner. The only other alternative would be for it to leave the committees a free hand, a direction in which, as will be seen later, it is sure to be impelled by other causes. But that would be tantamount to abdication by the Council of its function as the national legislature, and it would also inevitably be attended with other undesirable consequences described on a later page.

But there is another point which brings out the difference between the parliamentary system and the one which the Commission advocate. A parliamentary system requires fewer Ministers to run it. Seven would, on Indian standards, be too many for an island the size of Ceylon. The United Provinces, which are four times as big, and contain nine times as many people, get along with only five. But Ministers, as we have seen, are concerned with broad questions of administration and policy, whereas these particular committee-chairmen will be concerned with detail as well, and the Commission's seven, faced with the lion's share of the detail of forty departments of State, would soon feel like the seven maids with seven mops in *The Walrus and the Carpenter*. Can the reader see 65, or even 77, Ceylonese committee-men ever getting it clear? The London County Council has 21 committees, and it takes 124 Councillors and 20 Aldermen to man them. The Ceylon committees, moreover, will start handicapped, for they will not be able to make full use of the available talent. It will be a matter of chance if the ballot, the proposed method of appointment, results in individual

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Councillors getting the committees on which their special qualities or experience are most required, or even in the best men being made chairmen. A glance at the list of government departments in the appendix will anyhow make it evident that the Council of State would be swamped, and, as the Commission themselves recognise, public business is growing.

What, then, is to happen when relief becomes imperative ? You cannot split up a State as you might, in the last resort, the area of an overburdened municipality. At the same time, the character of the new system must complicate the whole question of devolution. The local government problem, as it is, is obviously a peculiarly difficult one in Ceylon, but it would tax the ingenuity of the ablest of draftsmen to demarcate the spheres of central and local administrations which are all of the same kind, and all equally concerned with every-day matters. The Commission see the need for "the nicest discrimination and adjustment." As they say, "what is needed is 'drive' at the centre and a 'demand' at the circumference," for at present there appears to be not only a backwardness on the part of the Ceylonese in availing themselves of opportunities of developing local government, but also a lack of vigour at headquarters. But how are either drive or demand to be got if the Council of State is itself immersed in detail ? Certainly the men to run so many public bodies of such an exacting kind would be difficult to find. One is tempted to wonder whether the idea is to make work to keep the intelligentsia of the island occupied, on the same principle as the French see that theirs in Indo-China does not outgrow the requirements of the public service.

And there is another consideration. Some day or other Pelion will be piled upon Ossa in the shape of still more detail for our harassed committee-men. Responsibilities which the Commission would, for the present, keep under the Officers of State will, under the unwritten law which

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now governs British Imperial policy, sooner or later have to be handed over to the Ceylon Ministers. Allowance must be made for this too.

But there is another way of getting relief, one to which the London County Council had itself to resort before it reached its twenty-seventh birthday, in order to avoid being "snowed under." It consists in leaving more direct responsibility to the standing committees, and, as already suggested, it is safe to prophesy that the Council of State would soon have to do the same, though in Ceylon this would only give relief for the moment and it would have the undesirable effects discussed in the next section.

V. THE EDUCATIVE VALUE OF THE SCHEME

THE second question must now be considered: is committee government going to make the Ceylonese better able to manage their own affairs? Whether or not the world of his time agreed with Pope when he wrote,

For forms of government let fools contest;
Whate'er is best administered is best.

it is certain that other counsels obtain to-day. Efficiency by itself is no longer enough, and the constitution of a dependency is nowadays expected to be of a kind to raise its people in the political scale. The Commission's scheme, if the arguments in this article are well founded, is wanting from the point of view of efficiency. It is believed that it would equally fail from the standpoint of its educative value. Experience goes to show that the best hope of political progress lies in the development of a capacity for corporate responsibility, in one word, for team work, which finds its natural expression in a healthy party system. The Commission do not, however, apparently look for any such result from their scheme. Their line of reasoning, if it is permissible to paraphrase

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their words, is : " There is no sign of team work in Ceylon to-day—that is of a kind not based on caste, race, or religion—and there is no likelihood of its developing at present. So be it : let us give her a constitution which does not need it." A constitution has, accordingly, been selected which seems of all others the least likely to result in such a development. The Commission, it is true, do not look upon their plan as final ; but it is difficult to see how it is going to lead to anything except, perhaps, another Royal Commission, which would have to start all over again from the beginning after another period of failure and discontent. Even if the functions of the Board of Ministers were to be extended, one of the possibilities contemplated, that would not bring a sense of corporate responsibility any nearer as long as their responsibility is only several. There is nothing to create solidarity among them ; there is no reason to expect even the sort that comes from sympathy.

It is difficult, indeed, to see where responsibility lies under the scheme. It would no longer rest on the Governor, but it certainly does not pass to the Board as such. They are, except for the single purpose mentioned, only to be a group of individuals. Yet obscurity on such a vital matter would surely be a fundamental obstacle to the political progress of both electors and legislators under such conditions as exist in Ceylon. To realise the position, the reader has only to imagine himself a Ceylon elector. When the time for a general election comes round, how is he to know who is to blame for any particular action ? There is no scapegoat ready to hand in the shape of a Cabinet, and the chairman of the committee concerned will often be able to show that he disagreed with his committee, or the obnoxious measure may be the work of two or even more committees. Finance, moreover, comes into everything, and it will frequently be possible to plead an alteration of the original proposal by the Board of Ministers. It must be remembered too that the Board itself would be utterly unlike an ordinary finance committee. The main concern of the committee-

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chairmen who are to sit on it will not be economy at all, but the particular projects of their respective committees, and there will be a natural temptation to settle things on a mutual profit basis which would, in itself, militate against the growth of a sense of financial responsibility. It would be so anywhere in the world with such an arrangement in force. The absence of any body on whom the responsibility can be definitely fixed under the Commission's scheme would not only be fatal to the development of a responsible attitude, it would be a positive danger. Then, the occasions on which chairmen will have to stand up, even as individuals, and persuade the Council in public session to adopt their committees' proposals—in itself a most valuable training—will grow fewer as an increasing amount of power has to be devolved upon the committees. The Council is bound to become less and less important as they become more and more so.

There is, however, an even more insidious evil. In times like these, when attention is, in so many countries, distracted from ordinary practical problems by an overmastering preoccupation like nationalism—an incomparably stronger force than party feeling—no type of government comes off worse than the municipal, which is in any case peculiarly liable to fall a prey to corrupt influences in communities where a low standard prevails in public life. The difficulty is not peculiar to the East. Irish municipalities have not even yet recovered from the demoralisation of the Home Rule and Sinn Fein days, and the more important councils have had to be suspended. But it is a risk which would certainly not be less formidable in Ceylon, where caste, racial and religious divisions generate so much ill-feeling and jealousy. And it does not follow because the collective principle is kept out of her constitution that it will not crop up in other ways. Members of the various castes and communities are sure to get together and the secrecy of a committee-room is ideal for log-rolling. There will naturally be a scramble to get on to the committees

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which offer the best facilities for securing material advantages or attacking European officials, which, in itself, is likely to react adversely upon the efficiency of the committees, for others, possibly more important from the public standpoint, may be neglected in consequence. The scope, too, for intrigue will naturally be greater than ever, when the pressure of business makes it necessary to give the committees a freer hand. There are ways of reducing the risk, but no safeguard can do away with it. Human nature will prevail, just as we have seen that it does at the County Hall, though it may take less desirable directions. The one thing, to use the Commission's own words, that "reduces to a minimum the intrigues, bargainings and understandings," which are inevitable when you have a number of petty groups under a parliamentary regime, is the party system. A great party or combination which aspires to office cannot afford to allow itself to be brought into disrepute; it must be ready to defend whatever its supporters do. But under the Commission's scheme, there will be no such collective guarantee of good conduct. Many people would sooner have regular parties frankly based on caste, race or even religion than an arrangement which makes it easy for interested people to get what they want by hole and corner methods. Nothing is so likely to bring all government into disrepute.

And even if they could cope with the work, is it really desirable to keep the noses of Ceylon legislators glued to departmental detail? The Commission's argument seems to be: "these people have a natural taste for it, we will therefore give them their fill of it." There are, it is true, passages calculated to leave a contrary impression; one for instance, speaks of "diverting attention from the discussion of academic theory to the practical consideration of the pressing administrative problems of to-day." But it is evident that the Commission recognise that their plan is anything but ideal, otherwise, they would not talk, as they do elsewhere, of "making a virtue of necessity." The proper antithesis too is, of course, different to the one suggested.

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No one wants academic theories to become the preoccupation of the Ceylon legislators. The real choice is between broad questions of national policy and administration and a welter of detail in which they would be literally submerged. And, notwithstanding one or two euphemistic references to this thirst for detail, their description of the present state of things shows that the Commission have no illusions about its real character. "The training thus given unofficial members," they say, "has been training in details of administration outside their legitimate sphere of activity, and has caused a degree of interference with the administrative machine altogether unwarranted by, and inconsistent with, the accepted standard of parliamentary government." The paradox comes with the conclusion. One finds not, as one would expect, a proposal to correct an undesirable attitude, but a frank abandonment of the parliamentary system. Surely this is unnecessarily cynical! The writer asked a friend the other day, who had had exceptional opportunities of seeing the parliamentary system at work in Egypt, what reform he thought most wanted. He replied without hesitation, "something to keep Members of Parliament off departmental detail." Such interference is demoralising for members. For one thing, it leaves them no time for the legislation and study of broad questions of principle, which are their real *métier*; but it also destroys the efficiency and morale of the public service. It is, indeed, as the Report makes clear, one reason for the glut in the Colonial Secretary's office. No wonder the Commission found 55 *ad hoc* committees in existence. This, one shrewdly suspects, was the only way in which legislative busybodies could be side-tracked. It will be easy for anyone who reads the Report to picture the competition for roads, bridges, irrigation and the thousand and one things that fall under the heading of public works; the intrigue over staff matters. And the danger would appear to be greater in a little country like Ceylon where, the Commission tell us, they found that "everyone.....

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was known to each other, that every government official occupied a position of prominence in the public eye from which, whether on or off duty, he could never escape, and that especially in matters of appointment and promotion the interest of unofficial members was daily enlisted in administrative matters of practical importance to their friends and constituents." Imagine the life of the head of a department in these circumstances, with committee-men always on his track ! The Commission contemplate rules to define the limits of interference ; but what rules could effectively curb an appetite recognised and legitimised by the very constitution of the country ? And will not one of the Commission's own proposals give it an edge ? They would remunerate the white officials on a higher scale than the coloured staff. There is nothing to quarrel with in this suggestion taken by itself, for the expenses of a European in a tropical service are obviously greater than those of an inhabitant of the country. But is it not certain to add to the difficulties of a committee system, by increasing the general jealousy of Europeans, and by giving a further stimulus to intrigue ? The impression left by a study of the Report is that what Ceylon wants more than anything else in the world is a constitution which will get the eyes of her politicians off the ground, and their minds above detail. The prevailing infatuation for it is surely not a foundation on which to build, but a vice to be eradicated in the best interests of the Ceylonese themselves. "Democracy," says the municipal Labour writer referred to in a previous page, "can only function successfully by leaving the detail to officials."*

Bad then though the existing situation has been shown by the Commission to be, the adoption of their scheme might make it even worse. There is certainly nothing to show that the existing difficulties would be less. Many of them have already been dealt with, but there would also still be friction. The national question would colour

* *The Story of the London County Council*, p. 86.

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everything just as it does at present. The powers conferred on the Governor, though negative, are meant for use, and, though it may be doubted if he would be allowed by Whitehall to do very much, his new rôle would be sure to excite apprehension, and it might lead to clashes of a serious kind. The accountability, too, of the Officers of State to the Council will not make its members forget the dual personality with which the proposed constitution would endow them in making them the Governor's servants as well as their own. Is it supposed that Mr. Hyde will be out of the picture for a single moment while Dr. Jekyll is advising a committee? Dyarchy, too, is implicit in the scheme, though unconfessed and ill-defined, and the form it takes seems likely to be just as irritating as the Indian variety, without having any of its educative value.

VI. IS THE PARLIAMENTARY SYSTEM PLAYED OUT?

IF then the arguments used in this article are well founded, the Commission's scheme would appear not to be a step at all, but at best an end, and a dead end. Is it, indeed, too much to say that it is a counsel of despair? The circumstances are admittedly unfavourable for the growth of healthy parties in Ceylon. There seems to be no reason for supposing that the Commission have in any way overstated the case in this respect. Caste, race and religion are all working in the other direction, and no parliamentary system can hope to succeed unless there is a capacity to sink minor differences in order to attain broader ends: a certain sense of citizenship is indispensable. And even if caste and communal differences could be eliminated, nationalism would still bring everyone into the same camp, "agin the Government," as long as any control remains in British hands. But there are two factors which have made the conditions infinitely worse in Ceylon.

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One is the separation of power from responsibility, the other communal representation, and the existing constitution is to blame for both. If these two obstacles were out of the way, the other difficulties would, it is believed, become less formidable. The disintegration in Ceylon is, indeed, mild compared with what Mr. Montagu and Lord Chelmsford found in India. Yet they did not despair. The parliamentary system of responsible government was deliberately adopted by them as the goal, and with the concurrence of the Chairman of the Ceylon Commission. Possibly he finds the progress made in India disappointing. The constitution of 1919, which introduced the first instalment of the parliamentary system there, set up two kinds of Ministers side by side in the provinces, one kind responsible to the British Parliament, the other to the elected representatives of the people of India. The experiment has had many difficulties to contend with, and its results have varied in different parts of the country, but at least one of the major difficulties which attended it—the very one at which Mr. Montagu drew the line—has been foreseen and eliminated in the Ceylon Report. On the question of communal representation the Donoughmore Commission have taken the bull by the horns. There may be better plans for Ceylon than the Indian plan—the Commission would rule it out in any case, because financial control has already passed to the elected members ; but whatever constitution is adopted, the belief in the possibility of evolving a sense of corporate responsibility, on which the Indian experiment rests, is surely preferable as a basis to the opposite conviction, which underlies the Commission's scheme. It works, indeed, as has already been seen, in the other direction.

This article is not a brief for any particular form of government. But is the stock of the parliamentary system, this country's special contribution to political progress, as low as the Commission seem to judge it to be ? It is undoubtedly going through a trying period, and certain

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countries have already fallen by the way ; but the times are not yet normal, and there are special reasons for some of the lapses. Jugo-Slavia, for instance, where the King has just suspended the constitution, is inhabited by three different peoples which have not yet had time to attain solidarity, and his action was apparently the one way of holding the new State together. But in any case, can dictatorship be regarded as a permanent institution ? Greece has already come back to the fold and it remains to be seen how an absolutist regime is going to be carried on in the other countries affected after the death of their dictators, if it lasts till then. The surprising thing is how often the parliamentary system has brought the best men to the fore without any straining of the constitutional machinery, especially when the unlikely character of many of the countries where it has been tried is taken into account. It may be ruled out for Ceylon on other grounds, but it certainly cannot lightly be written off as a failure generally.

It may be that some other form of constitution will be deemed best for Ceylon. For the municipal model in itself THE ROUND TABLE has nothing but admiration. It has had splendid results in our great cities. The London reader has only to look round to see proofs of this in the metropolis. The system is as much the product of the genius of our race as the parliamentary one. Could it be extended successfully to a country like Ceylon, approaching the Irish Free State in size, with a population divided in every conceivable way, by race, religion and caste, and with the varied conditions described in the Report ? Some reasons have been given in this article for thinking that it could not be so extended, and that in any case it would not be a good choice from an educative standpoint for a people so inexperienced in political responsibility. But even if this were not so, and if such a system could be applied to the Government of Ceylon with beneficial results, these particular proposals would not give it a chance. For the

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constitution advocated by the Commission is, as an earlier section has shown, a municipal model stripped of the very features which give it the drive and unity upon which its working depends. Without these essential elements it would become a mere loose congeries of committees, themselves the battle ground of conflicting sects, and it is common knowledge that a house divided against itself cannot stand.

APPENDIX.

Proposed ten Departmental Groups for Ceylon.

1. **DEPARTMENT OF HOME AFFAIRS :—**
Police. Prisons. Fire Brigades. Mines. Factories. Labour, including Indian immigrants. Workmen's compensation. Insurance. Statistics. All matters of internal arrangement not allotted to other departments.
2. **DEPARTMENT OF AGRICULTURE :—**
Agriculture. Irrigation. Forestry. Veterinary Services. Fisheries.
3. **DEPARTMENT OF LOCAL ADMINISTRATION :—**
Local Government. Lands. Settlement. Survey. Local Option.
4. **DEPARTMENT OF HEALTH :—**
Medical and Sanitary Services and Research. Medical Education, Hospitals, Asylums and Charitable Institutions. Public Analyst. Quarantine. Housing.
5. **DEPARTMENT OF EDUCATION :—**
Elementary, Secondary, Technical and University Education. University College. Museums, Libraries and Galleries. Archaeology. Printing.
6. **DEPARTMENT OF PUBLIC WORKS :—**
Public Works. Electrical Undertakings.
7. **DEPARTMENT OF PUBLIC COMMUNICATIONS :—**
Railways. Posts and Telegraphs. Ports and Harbours.
8. **DEPARTMENT OF THE CHIEF SECRETARY :—**
External Affairs. Maldivé Islands. Defence, including Volunteer Corps. Drafting of Legislation. Public Service Administration, discipline, appointments and transfers. Audit.
9. **DEPARTMENT OF THE TREASURER :—**
Finance generally.* (a) Executive duties, statutory and otherwise; custody, collection and disbursement of all revenue, including that derived from customs, excise and salt; preparation of Annual Budget and Estimates and of Supplementary Estimates; investment of State funds; management of the public debt; loans to local authorities, etc. (b) Financial supervision of all departments, including contracts, stores, financial regulations of public services, strength of establishments, leave regulations, salaries, pensions and allowances. (c) Advice on financial policy, including taxation, loans, exchange, currency, etc.

* A long list of the functions of the Ceylon Finance Department will be found in Appendix VI in the Report.

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10. DEPARTMENT OF THE ATTORNEY-GENERAL :—

Administration of justice generally. Advising the Government in all legal questions. Preparation of all legal instruments and contracts. Conduct of elections.

London County Council Committees :—(1) General Purposes. (2) Finance. (3) Education. (4) Public Health. (5) Housing of the Working Classes. (6) Highways (including Tramways). (7) Asylums and Mental Deficiency. (8) Main Drainage. (9) Fire Brigade (including Ambulance Service). (10) Establishment (co-ordination of staff). (11) Building Acts. (12) Local Government Records and Museums. (13) Parliamentary. (14) Public Control; Gas and Meter testing; Weights and Measures; Shops; Employment Agencies; Motors; Explosives; Massage Establishments, etc. (15) Parks and Open Spaces. (16) Theatres and Music Halls. (17) Improvements. (18) Stores and Contracts. (19) Small Holdings and Allotments. (20) Midwives Acts. (21) Appeal (to hear appeals to Council under Metropolis Management and other Acts).

AFTER THE GREAT NGAMI TREK

I. THE PROMISED LAND

IT is just thirty years this Christmas since the last of the trekkers parked their great ox wagons by the Ghanzi pan* alongside the others which had already been there a month. For the expedition took Khama's advice and, to avoid the fate of the advanced party which lost so many of its members at Mpatshékuro from want of water, it travelled through "the great thirst" in pairs. Every pair of wagons gave the pair in front of it a day's start, an interval which got sadly drawn out before the trek, a seven months business from start to finish with extreme vicissitudes of hardship and pleasure, was over. Such things, however, as thirst and fever were quickly put behind us in the exhilarating air of the high plateau. All that remains to-day of the great trek is a kaleidoscopic memory of desert dunes, of glaring heat and mirage, of whirling dust storms, and of woodland glades—groves of macharachara trees with orange-like fruit embedded in dark green foliage—as the silence of the sands was exchanged for remote pans with their screaming bird life and their dense thickets. What a rush we made for that precious water, the haunt of all the creatures of the wilderness, and a scanty enough supply it proved. Then came the Kumadan lake and the Botletle river, deadly breeding grounds of fever, but teeming with every imaginable kind of fish, fowl and beast. We never knew what dangers

* A pan is a shallow sheet of water.

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lurked in the jungle through which our wagons with their long teams of oxen pushed their devious way, but the eye still feasts in fancy upon those scenes of sylvan beauty, the great wild fig trees, the acacias, the mimosas, the towering palm, and the baobab with its fruit full of cream of tartar, a cooling drink for the sick and a sovereign remedy for scurvy, the scourge that dogged our footsteps.

But the story of the trek has already been told.* Our present concern is with the subsequent fortunes of the trekkers.

II. ANNALS OF THE COLONY

GHANZI reached, our first act was to thank Providence which had brought us through the perils of the wilderness. This done, we again got on the move, but this time it was only to spread out fan-wise to all the points of the compass to find the farms which had been allotted us. A busy time it was, this initial stage, with its building and its well-digging, for though some of the farms had a natural water supply or Bushman wells, they were in nearly every instance insufficient and had to be cleaned out and deepened. They had, moreover, to supply the needs of all the neighbours until they dug their own wells which varied in depth from ten to sixty feet. Fortunately the rainy season had filled the pans, and in some cases they lasted for months.

Then the cattle, the small stock and the poultry had to be protected from beasts and birds of prey. Their names, beginning with the lion and the eagle, and ending with the weasel, the mouse and the chicken thief, would fill a zoological garden catalogue, and they were one and all greedy to get at the new dainties which our arrival added to their bill of fare. In such surroundings indeed ceaseless vigilance was necessary to avoid extermination, and all

* See THE ROUND TABLE, No. 65, December 1926, p. 81.

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hands had to be ready to meet a sudden call. Even the women could handle a rifle.

But there were compensations. For one thing, there was no such thing as bad feeling. Everybody was kind to everyone else, and each Sunday the entire community would assemble for divine service, which was conducted by one or other of the older men. Every fourth Sunday we used to repeat the 121st Psalm which our beloved Nicolas Hofmeyr and his son Adrian had commended to us. "The Lord shall preserve thy going out and thy coming in from this time forth, and even for evermore." Had we not had proof of His care?

There were, however, questions of vital importance to settle touching the conduct of affairs in our little colony, and our leader, William Drotsky, undertook to go back to consult Mr. Rhodes. He set off one morning with a young man and a light cart with a picked span of oxen so that the journey might be made lightly and quickly. While he was away several of our comrades succumbed to the after effects of the hardships of the trek. Among the first were the heads of the van Staden, Talgaard and Lewis families, and William Drotsky himself got back from his journey only to die of fever. The loss of these elders deeply affected the whole community; but the needs of the moment left little time for mourning.

It is difficult to picture the isolation of our settlement. The Boer war had been on for months before we heard of it. The news reached us in this way. One of our number, on a trip to Damaraland to sell goats, was kept in quarantine by the Germans because—so they said—of an outbreak of foot and mouth disease at Oudtshoorn in Cape Colony, and he heard them talking about the war. When he got back he passed on the news to us. Then our stores, meal, sugar and tea, began to give out and some of our settlers made an attempt to get through the Kalahari by following the spoor of the old 1894 expedition. They got as far as Lehututu, but there they were turned back

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by the natives. It was useless pushing on for they were informed that Mafeking was besieged, so they retraced their steps as best they could. Eventually we managed to get some mealies from the Batawanas at Tsao by barter.

After the relief of Mafeking there was a period of quiet which lasted till the Hottentot war started in the neighbouring German territory in 1906. This period was, however, broken by an event of tragic importance to us. In 1902 we lost our best friend with the death of Mr. Rhodes, and after it we came under the step-fatherly care of the Bechuanaland Protectorate government. It seemed at the time as if we should now be altogether forgotten, and that the promises made to us would never be fulfilled. But though several families trekked away in despair into Angola where many of them perished, the rest of us held on in the belief that all would come right in time. At the moment of the outbreak of the war in Damaraland some of our people happened to have gone on business to the nearest German garrison, and on the way back one of them was waylaid and killed by the Hottentots. In other ways, however, this war was a source of profit to our people. The price of oxen rose to a high figure and there was a keen demand among the soldiers, who wanted souvenirs to take home with them to Germany, for gemsbok horns, skins and sjamboks. This enabled us to procure many necessities of life, which we had hitherto had to do without.

Then came the great war, and its effects were soon felt even in Ghanzi. For one thing, our cattle depreciated in value. Then, several of our young men went off to "do their bit" in Flanders. When the settlement was first started, a camp was formed by the police escort at Machabing near lake Ngami, at some distance from Tsao, the chief Sekhomi's town, between the reserves and the settlement, two men and a sergeant being stationed at Ghanzi. In 1914 word was sent to our farmers from Tsao that they had better come in to the police station, which possessed a maxim gun, as it was impossible to protect them at Ghanzi.

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It was a perplexing situation. We had little ammunition. One man had four dumdum cartridges which he was advised to destroy as no quarter would be given if they were found on him. Most of the settlers decided to make a stand. When, however, news came that the Germans were on the march and already across the border, several families trekked off to Tsao. Others who lived near the enemy's line of approach fortified their houses, and the rest of the settlement resolved to form a laager.

Relief came with a rather ludicrous incident. A sergeant and a trooper collected a party of Makalahadi kaffirs and went forward to Abeakubus to reconnoitre the road along which Germans were expected to come. Here they concealed themselves in the scrub on a ridge which overlooked the water hole ; they did not know that the enemy's scouts had already passed. Suddenly the main body hove in sight in the distance. The Makalahadis at once bolted, and the last heard of them was the frou-frou of their leather breeches as they scuttled off through the thorn bushes. The two Britishers were, however, equal to the occasion. They had brought a package of dynamite with them and this they split into several large charges which they placed in the limestone cavities along the ridge. They then started the fuses and galloped away to another view point. The ruse was completely successful. The Germans, thinking, no doubt, that they had a battery of artillery to deal with, turned tail and fled. In the meantime, their scouts had reached the camp at Kwagonai, which they found occupied by a couple of native policemen, one of whom converted the water hole into a rifle pit and the other defended himself in his hut. The native in the water hole kept the enemy at bay for a time, but was at last shot, and the other man was wounded trying to get away after his hut had been set on fire. As the main body did not turn up the scouts, puzzled at finding no white policemen at the camp, decided to retire on the main body

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which they did not catch up till they got right back to Gobabis.

Thus ended the Germans' attempt to annex Ghanzi, the Kalahari, and eventually the whole of South Africa. General Botha was too much for them. Berkeley's and Tom's forts still bear witness to their valour; but, if they had continued their advance, what earthly chance would we in Ghanzi have had? No doubt, however, they thought that we were ready and that there was a trap laid for them.

III. THE COUNTRY AND ITS INHABITANTS

AN airman hovering over our little colony would have a varied view. To the north and north-east he would see the bush-covered rocky kopjes, green and grey, which separate the Lake Reserve from the Ghanzi district with its rolling open plains, its tracks of bush, its ridges and valleys and its pans girt with trees; the homesteads, too, scattered about from one to fifteen miles apart, connected by wagon trails, each with its cattle kraal and its bit of garden, and here and there a windmill. The plains would also meet our airman's eye, with their troops of eland, wildebeeste, gemsbok, hartebeeste and ostriches, and the cattle and the flocks of sheep and goats in the neighbourhood of the farmhouses, a truly peaceful pastoral landscape. Here and there he would descry patches clear of game, the result of some raid by Bushmen or wild dogs. Near the centre of the picture and away from the other buildings, the magistracy premises would stand out with our newly erected meteorological tower.

A self-contained little territory it is, still in a half wild state. There is not even a village, let alone a town, or a railway. Only a single motor car, a German, has visited us since the settlement was founded, and it had to be pulled here by oxen, as it had used up all its petrol. A motor

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lorry, too, once came on locust extermination work, but now one of our own people has a car ! As for an aeroplane, it would seem like a miracle. We have never even seen one. Yet we all of us know about such things, for the recently started post nowadays brings us newspapers and magazines once a fortnight. Traders, too, come here with their wares when the rains make it possible to travel ; it is, however, an arduous trip, and its difficulties are reflected in the high price of the goods. But visitors, whatever their errand, are sure of a hospitable welcome ; we are genuinely glad to see strangers.

Of the original sixty families only twenty-five, including those who later trekked away into Angola, reached Ghanzi and took root. The rest either drew back before the start or, sick of the interminable delays, went home during the long waiting period, among them a few who had received Mr. Rhodes's grant. The whole population to-day is, however, well over a hundred, counting women and children, though until a year or two ago there was no such thing as a school.

Then there are the natives. One of Mr. Rhodes's stipulations when the settlement was founded was that only whites were to have farms. The trekkers, however, had the choice of either Kaffirs or Bushmen for servants, and they chose Bushmen, thinking that they would be able to train them. Even to-day we prefer them. One occasionally sees a Kaffir in service, but hardly ever a Batawana, though Makaoko, Barotsi or Ovambokooshi and sometimes Makalahadi are used for heavy work. Bushmen are generally employed as herds or kitchen boys. The Damara is best with cattle, the Bushman for light jobs, though he cannot be trusted very far out of one's sight.

West of Ghanzi there is a tract of quite unexplored country inhabited by a peculiarly vicious tribe of Bushmen known as the Makaoko. They allow no strangers in their country, not even Bushmen from other tribes. One of our Bushman servants once ran away and took refuge with

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them, whereupon, their king ordered him to be instantly put to death. For these people, unlike other Bushmen who have no chiefs, boast of a king.* The news was brought us by some of their women who had wandered our way. A party of our people once penetrated some distance into this country, which they described as beautiful cattle veld ; but being weak in numbers they did not care to risk an encounter with the Bushmen who are very elusive and past masters in the art of ambuscade. Thanks to these qualities, they have been left severely alone. But there is another lure—gold. People talk about a great white quartz reef which traverses the whole country and can be seen a long way off, with rich gold in it visible to the naked eye. A trader one day saw a Bushman with an arrow tipped with the precious metal, and Bushmen have been known to bring rough diamonds into Gobabis bigger than peas—sometimes twice the size—which they said they found in the Kalahari near Ghanzi. The Germans had told them to look out for such stones.

But if one can believe what one hears, there is more than natural gold ; there is also buried treasure. Readers of the *Great Ngami Trek*† will remember the trader-hunter, van Zyl. Wealth he undoubtedly possessed, for when his star was in the ascendant, he did a great trade in truck—muzzle-loaders, powder, lead, brass, wire and beads, and

* Dr. Cadle, the American leader of the Cadle-Cameron expedition to the Kalahari, which he believes to be the real cradle of the human race, gives the following interesting account of some of its bushmen :—" We came into touch with the Sand Bushmen, who are an exceedingly primitive people (continues Dr. Cadle). They are living in conditions exactly like those of the early Stone Age. On the whole they have no implements or weapons of iron or steel. Their arrows are tipped with bone or ivory, and they use stone knives. They have absolutely no social organisation. They live in little communities of two or three families, and they live entirely by hunting. Among them no one has any authority over another ; each man is a law unto himself. They are completely nomadic in their way of life ; in fact their mode of life is dictated by the game they hunt. They contest with vultures the remnants of game killed by lions, and they bury their sick before they are dead, as they must not touch a dead body."—*The Times*, October 15, 1928.

† See *THE ROUND TABLE*, No. 65, December 1926, p. 83.

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all the *negotie* that the native loves. He became so rich indeed that he brought a certain Robert Rankin here to build him a great store by the Ghanzi pan, and a house, too, that was the wonder of the wilderness. There were stained glass doors and windows, plank ceilings and floors and even carpets. What a palace it must have seemed to the wild Bushmen who ventured that way! All this magnificence van Zyl, who had his family with him and several hunters in his employ, attained by trading with the Batawana for elephant tusks which he took to Walfish Bay. After helping Moremi, however, to escape from the Bastards, he had a premonition of impending trouble and decided to "cache" his money and goods. He therefore carted the stuff some way into the desert and stored it, carefully done up in tarpaulin packages, in a cave by one of the limestone pans. He then built in the entrance and covered it over with earth so that no one could recognise it. His money—and he is believed to have had a large amount at Ghanzi—he buried near the house. He then sent his own people back to the Transvaal, and after loading up the only wagon that was left with tusks, he started off after the setting sun for the coast where his agent was waiting for the ivory. But the agent waited in vain, for van Zyl had only been two days on the road when he met with his death in circumstances which have already been described in these pages.*

To return, however, to the Bushman, his resourcefulness is wonderful, and there is no better place than Ghanzi to study the ways in which he adapts himself to his surroundings, ways which would often spell disaster for other people. White men and Kaffirs have both been known to perish of hunger and thirst in the desert, though they were in the midst of plenty, if only they had known Bushman lore. He is safe with lions, beasts of prey, venomous reptiles and rapacious birds all round. He lives in their midst and constantly wanders past their haunts with perfect impunity,

* See THE ROUND TABLE, No. 65, December 1926, p. 83.

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for he has a scent which excites their disgust. They would rather see the devil himself than him. Antelopes are credited with a power of preventing their smell from carrying down wind to their enemies, and keen-nosed dogs have failed to detect their hiding places. The Bushman can also get rid of his when he wants to crawl up to his prey. His children have been known by us to go ten miles alone through tangled bush to their mothers who had left them with relations while they went foraging. One comes across these people on dark nights sitting unconcerned in the bush while lions crawl by on their way to some cattle kraal, or in what appears to be the most uncompromising kind of desert miles away from water, squatting over a little fire kindled by a couple of sticks rubbed together, with a repast before them that would puzzle an epicure. For the earth yields of her store to the Bushman and he spices it with all sorts of condiments* of which civilisation knows nothing. He can melt, too, so effectually into his background that people pass close by without even knowing that he is there, and his mimicry is perfect. He can also creep up to his victim like a cat or a crocodile. It is easy to imagine what he would be like as an enemy.

Here is an incident that happened in our settlement. A Bushman and his wife took a job on a farm. They wanted to earn a few goats for the sake of their milk, of which they are very fond. The man preferred to earn the goats honestly as he would otherwise have had to hide them. There was also a Kaffir working on the farm who began to show attention to the wife. When the Bushman noticed this, he asked his master to order the Kaffir to leave off his attentions. Otherwise, he said, he would soon be in no condition to pay attention to anything, and he produced a tiny arrow. The Kaffir turned a ghastly hue. He knew what that arrow meant and ever afterwards he kept at a respectful distance. These tiny weapons are for the

* *e.g.*, ant salt, which is made of a kind of ant found under stones which has a salt taste when dried and pounded.

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Bushman's enemies, and they are steeped in such deadly poison that he has himself to be careful in handling them. He has also larger arrows smeared with different kinds of venom according to his quarry. Others again are clean or tipped with a slow poison which is harmless to anyone who eats the "kill." He knows of a root, too, which stupefies fish, and of a bark which kills them.

IV. LIFE IN GHANZI

THE reader may ask what sort of a life we lead in Ghanzi, this Cinderella in Cecil Rhodes's family of colonies, which in the space of thirty years has reclaimed a fair land from the wilderness? To-day even timid folk would find it safe enough. It still teems with game, but beasts of prey are no longer a menace, for the warfare which we have waged on them has driven them further afield, and they nowadays seldom put in an appearance from their fastnesses. We are still, however, in the geographical sense, a people apart. We hear of innovations in the far-off world, but such things as electricity are merely an expression to our children. We have not even an electric torch in the settlement, let alone the telegraph or wireless. To get about we still depend upon wagons, Scotch carts, horses and donkeys. We have no department of agriculture to advise us; we have, indeed, no department of any kind whatsoever.

People who live in populous centres will, no doubt, wonder what those who live so far away from civilisation find to do. How, it will be asked, do we manage to amuse ourselves, and what are our ideals? A high official who was here a few years ago is reported to have said that he had never met people who were better off. Well, we are not, in spite of our desert surroundings, mere nomads like the Bedouin; but it would be an exaggeration to compare our lot with that of the wealthy farmers in the Union. The glad eye does not necessarily mean that the shoe does not

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pinch. Our chief difficulty has been our lack of means and, considering the little that we had to start with, creditable progress has been made. Cattle are, of course, our mainstay and, as will be seen in a moment, it is an industry with difficulties of its own ; but if the farm machinery that we were promised had been forthcoming our operations might also have included an extensive cultivation of the soil. For recreation, there is always something to hunt and, for the rest, we pay each other visits, a great resource with farms as far apart as ours are. As for our ideals, they are that our children should grow up clean in mind and healthy in body. If we lack the amenities of civilised life, we have something that is worth all of them put together—contentment.

And we have also health, as the reader would admit if he could see our young stalwarts. He could not fail to like them. They have none of the boorishness that one would expect to find in people reared in such surroundings. Brave boys, nearly every one of them has a lion to his credit and some of them count their trophies in double figures. Even the girls can shoot and, thanks to the climate—our plateau is about 3,800 feet above sea level—they are as lithe and active as young gazelles. No need of cosmetics for the complexion here, or of artificial exercises to give the figure grace. The reader should see the children, too, and the hardy old people with their hospitable ways.

And we have beauty too. Ghanzi is at its best when the rains have fallen and the mimosa and acacia are out, and the veld a carpet of flowers. The bulbs are then in bloom in the marshes and the bush is veiled in creepers and bright with fruit and blossom. There is only space to mention a few of our wild flowers. Some have their prototypes in British gardens, but many are strangers. We have no names for some of them ourselves ; though the amaranth, love-lies-bleeding and the butterfly flower are old friends. The writer has seen a plain which in March looked in the distance like an English meadow gay with

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buttercups. The flowers, too—they were like mauve gloxinias—were even more beautiful than buttercups, and there were miles and miles of them. Sweet peas with purple-red petals and green hearts as large as ever you see at home greet one in park-like vistas. Then there are heliotrope, lilac coloured solanums, with yellow pistils, and heaps of harebells, orange saucers, sage, sorrel, tulips, everlastings, lilies, malvas and trefoils. There are great tracts covered with a creeping weed called mosethlwa, veritable fields of cloth of gold. We have also ground orchids of azure blue and gilt, little particles of heaven they might be, sprinkled about the earth, replicas of the stars. The thickets, too, are draped with creepers, some like virgin's bower or traveller's joy, others nameless. One of them becomes a mass of fleecy cotton after flowering and covers the bush with a snow-like mantle. Then there are stretches of nyng nyng, with its lilac tinted leaf and a pink and white trumpet-shaped blossom, and all kinds of convolvulus. Over and over again one comes across some lovely unknown flower.

Nor must our trees be forgotten, the macharachara, for instance, to which the reader has already been introduced, with fruit the size of a naartje,* sometimes even of a large orange. Certain kinds have a sweet flavour like a guava, and a yellow pulpy flesh with big round flat pips and a hard thick yellow shell like a calabash. There are spreading groves of great maroolas with fruit that is splendid for pickling; the natives make beer of it. West of the Botletle river there are wild dates with huge sprawling branches, and fig trees with the small fruit that the little apes are so fond of. Beyond the Okavongo or Gioge river again, there are trees which resemble poplars with a sweet scarlet plum, like a damson, but the reader would be wearied long before the list of our trees was exhausted.

The beasts have already been mentioned, but we have every imaginable kind of bird as well, from the ostrich down

* A small orange like a tangerine.

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to the tiny blue, red and green woodpecker with his long bill. On the open plains there are paauw,* secretary birds, korhaan, and other bustards. Great flocks of guineafowl roam the bush and every pool is frequented by doves and pigeons—among them the pretty little Norwegian variety which come close to the houses. Flocks of kewits haunt the farms. They start up at one's approach, ten or twelve of them together, with their cry, kewit! kewit! only, however, to settle again close by. We have also owls, and bats, and night hawks as big as eagles. Carrion will attract crows and vultures, though they usually keep away. As for small birds, their name is legion, and very lovely some of them are. There are grand songsters, too, among them; also oddities, like the mouse bird whose tail is so long that it compels an undulating flight, and the goat sucker with a white feather like a floating ribbon on each wing at courting time. Then there are the butcher bird, the honey guide, the bill bird, the blue jay, the toucan, and the makaoke, with his grass nest roughly fastened at the end of twigs round trees, and the entrance underneath. They are not much larger than sparrows and like to build near a house. There are parts of the bush where one sees little hanging nests, the home of a small grey bird. We have also swallows, martins, and long billed, long shanked birds of various kinds which come with the rains, to say nothing of the locust birds. There are insects, too, of every kind and description, some of them strangely beautiful; but this article is getting like a natural history book. If, however, the reader cares about such things, he will find specimens of many of them at South Kensington.

But even at its worst, when there are no flowers or fruit and the birds are still, Ghanzi is not a bad place. In July, if you look for it at daybreak, you will sometimes find a skin of ice on open water. Occasionally, too, a black frost sears its passage through the grass, leaving a shrivelled strip in its wake, and towards the end of the winter before

* A turkey bustard.

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the rains the veld gets drab. But even then there is verdure on the trees and later on, when they, too, lose their freshness, the grass in its turn is green and bright.

We have our problems too. One that our farmers are always discussing is why we have to dig so much deeper to find water than we did in former days. There was an apparently unfailing underground supply in 1898. Yet, the wells we dug then are sinking at the rate of about six inches a year. Those which used to be forty feet deep are now more than fifty. The pioneers who were sent to spy out the land in 1895 found the big pans full and they were in the same condition when we arrived three years later. At Rietfontein, for instance, the spring was bubbling over and it used to form a regular stream in the dry bed of the Epukiro river. The ground below the spring was thick with reeds, palmettos and other growths for a long way round, and it was the same with the Ghanzi and other pans. They kept like this, moreover, for years. It looks as if there was truth in the old Bushman's story of a running river long ago. There are signs, at all events, which show that the country round Tsao was, less than a hundred years ago, periodically flooded by the Gioge, and that the Koudam river used to join the Epikuro. There was, evidently, a smaller stream, too, which cut a more direct channel across to the Okwa, which is itself only a continuation of the Epikuro. Further south the river divided, the western branch flowing into lake Kumadan, while the other passed through Anderssen's Vlei in the direction of the little lake, Lehututu. Many believe that the water level is sinking, either because the climate has changed or because the rivers are being diverted through erosion at their source into channels which take their water away from the Kalahari, and prevent it reaching our springs. Whatever the reason, however, our farmers do not worry; for the result of the boring operations which the Union Government has been carrying on over our western border in the Umab desert—an extension of the Kalahari—has been most

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reassuring, a splendid supply of water having been found at depths of from 50 to 300 feet.

Our veld, too, is sweet and clean. Cattle thrive on it, and there are certain grasses which keep them in good condition all the year round. Sheep of the short haired, fat tailed variety also do well. Merinos have not been tried on account of the difficulty of getting them here, but there is no reason why they should not do. Goats thrive. It is, indeed, a cheering sight to see the condition of stock of every kind on our veld. Pigs do well running wild, and no wonder, for this is the home of the bush pig. At present the trouble about cattle is that there are only two outlets, the Congo by way of Angola or Barotseland; or in the rainy season, the Rand goldfields through the Kalahari. The latter is, however, a precarious venture, and last year we had not even enough rain to fill the few pans along the road. It seemed that no one would get through. There were people here in February with mobs of from 500 to 1,000 cattle who had been waiting for a chance of getting them to market ever since the previous November. The year before a lot of 800 perished of thirst on the first lap of the journey, though hundreds got through later. The drivers were in too great a hurry. It was a pity, for the cattle they lost would have paid for many a well.

V. THE FUTURE

WHAT, then, is to be our future? We know, of course, that things cannot remain as they are indefinitely, with the population of both the Rhodesias increasing, and a growing tendency on the part of the white inhabitants of the whole sub-continent to spread out. The overflow has hitherto mainly affected the north, but it is bound in time to come our way too. Our settlement lies on the direct road from Rhodesia to Walfish Bay, an all red route to the sea

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ready to hand, as soon as people get tired of filling the foreigner's pockets with their traffic. Whether our ultimate destiny is to be tacked on to the Union or to Rhodesia is, however, a matter of speculation. The Chartered Company owns farms and mining rights here, but in the great war Ghanzi was an outpost for the whole of South Africa, and it was we who braved the wilderness to establish it. This service and the difficulties which we have encountered have left us with wide affinities. We had no sooner reached Ghanzi in 1898 than the Germans began to cast it in our teeth that the whole hinterland as far east as the Limpopo was theirs. We should, they warned us, soon be swept away as interlopers.

But when it comes to actual amalgamation, our people draw back. We have no wish at present to be joined on to anyone. Here, in our little community, we are all brothers ; cliques are unknown ; there is no such thing as dissension. But we know from our newspapers that with our neighbours it has often been otherwise and such behaviour on the part of people who call themselves Christians excites our disgust. What advantage, we ask ourselves, could union with such folk bring us that would make up for what it might take away ?

Ghanzi,
via Gobabis (S.W Africa),
1928.

THE WAR AGAINST POVERTY IN INDIA

I. ECONOMIC AND GENERAL

THE problem of reducing the poverty of India is referred to elsewhere. The object of this article is to show the present economic position, and some of the things which have been done or are proposed, in order to ensure progress.

Even a brief survey of economic literature, particularly current literature, will show that India has not in the past received, and still does not receive, the attention to which her importance entitles her. She is a sub-continent containing nearly two million square miles and a total population of about 320 millions. Of the sub-continent about three-fifths consist of British India with a population of close upon 250 millions. The remainder is made up of the Indian States, some of which are comparable in size to the smaller European countries, while others are only a few square miles in extent, and their economic and political importance naturally varies considerably. A peaceful and regular government is, however, guaranteed in all of them by the *Pax Britannica*, and railways, roads, and telegraph and postal lines run without interruption from British India in and out of them. British India and the India of the States indeed form a single economic unit.

It would, then, be extraordinary if such an immense,

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thickly populated, and diversified portion of the surface of the earth were not a factor of great importance in its economic system. In 1913 India ranked sixth among the trading countries of the world, and by 1925 she had attained to the fifth place—a fact which is not perhaps generally recognised. Year by year her exports and imports have climbed practically without a pause, except during the war, for well over half a century. Fifty years ago her exports of merchandise were in the region of sixty millions of rupees, but in 1925, a record year, they almost touched four thousand millions. The curve followed by her imports runs almost parallel with that of her exports, but at a somewhat lower level. They rose from about forty million rupees in 1874-79 to very nearly three thousand millions in 1925-26. These are big figures, and their continuous rise is a reasonable ground for predicting a still more important place for India in the future. Broadly speaking, she exports raw materials and food-stuffs, and imports manufactured goods; but in the year 1926-27 she exported cotton manufactures, including twist and yarn, to the value of 107½ millions of rupees, whilst her exports of manufactured jute in the same year were assessed at nearly 532 millions. The year before they had been almost 55 millions higher. Very few countries are now outside the orbit of her trade relations, but her chief dealings are with the United Kingdom and the British Empire generally, Japan, the United States, and Germany. Java with her big shipments of sugar also fills a large place in India's import trade.

From these figures it will be clear that India is predominantly an agricultural country, and her chief industry and main source of wealth is now, and perhaps always will be, agriculture. Somewhere or other within her borders it is possible to grow pretty well every kind of food crop, whilst jute of which she has a monopoly, cotton which is increasing in value and still capable of considerable improvement and extension, tobacco, oilseeds which in

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1925-26 were exported to a value not far short of 300 million rupees, and lac of which she still has a virtual monopoly, are crops which she can readily sell for money. Indigo is still cultivated in parts of the Madras Presidency and the Ganges valley, but it has, of course, nothing like its former importance, and the same may be said of opium, the export of which is being heavily reduced in accordance with India's international obligations. The area under food crops and "money" crops respectively in British India has varied comparatively little during the past twenty years. From 1906-7 till 1910-11, about 40 million acres were under money crops and about 210 million acres under food crops. Between 1921-22 and 1925-26 the latter had advanced slightly and the former had risen to about 46 million acres. It is interesting to notice that in both cases the areas under the various crops maintained a practically unchanged ratio. Thus, between 30 and 40 per cent. of the area under food crops was throughout devoted to rice, and about 10 per cent. to wheat, whilst cotton accounted for about one-third of the area under money crops, and oilseeds for rather less.

Obviously, the most important questions from the point of view of Indian economy are : first, what scope is there for an expansion of cultivation, and, secondly, how can agricultural methods be improved so as to increase the yield or to promote the introduction of new crops ? The second question is, of course, dealt with at great length by the Royal Commission which reported on Indian agriculture last summer, and it is proposed later to glance briefly at some of their recommendations. But before doing so the first question must be considered. Cultivation can be increased by extending irrigation to tracts hitherto barren on account of an insufficient rainfall, by clearing good arable land at present covered with forest, or by opening up new country in outlying provinces which is at present remote from settlement or beyond the limits of rail or road transport. The Commission point out that

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between 1921-22 and 1925-26 nearly 50 million acres were on an average irrigated from government and private irrigation works—the percentage of the irrigated area to the sown being 19·4. Practically half of this enormous tract was watered by canals, while tanks, wells and dams accounted for the remainder. In four of the largest provinces, the Punjab, Madras, Bombay and the United Provinces, and also in Sind there are a number of irrigation projects in hand which when completed will largely increase the cultivable surface of India. In the Punjab, the Sutlej valley project, which is expected to be ready in about five years' time, will add two million acres to it, and this scheme, it is pointed out, by no means exhausts the possibilities of Punjab irrigation. In the United Provinces, the Sarda Canal, which was opened last month by the Viceroy, adds about 1·75 million acres, but the possibilities of perennial irrigation in the United Provinces will, it is believed, then be exhausted. In Madras, the Cauvery-Mettur scheme will ensure a more systematic irrigation of about a million acres and bring another third of a million under irrigation. In the Bombay Presidency, there are various works in hand to protect parts, which suffer from a deficient rainfall, from famine. In Sind, which from an administrative point of view is part of the Bombay Presidency, one of the most important irrigation schemes, not only in India but in the world, is approaching completion. At present all the canal irrigation in Sind is of the flood type, that is, the canals only receive a supply when the Indus attains a certain height. About two million acres of land are watered in this way, but when the famous Sukkur barrage is finished, not only will this area receive perennial irrigation but another three million acres will be added as well. It is clear therefore that, when all the projects now in hand have been completed, the cultivable area of this country will be very largely increased, and there will still be further possibilities of canal irrigation.

Unfortunately it is not possible to speak so definitely

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about the possibility of reclaiming country at present under forest, or of opening out new lands in outside districts. As the Commission point out, uncultivated land is at present divided into "culturable waste other than fallow" and land "not available for cultivation." This is a very vague classification and, in Burma, admittedly based on guess work. The Commission therefore recommend that it should be carefully re-examined. The "culturable waste other than fallow" is put at 152 million acres, of which nearly half lies in the two undeveloped provinces of Burma and Assam. The land classed as "not available for cultivation" is rather less in extent, amounting to 150 million acres. It, of course, also includes land covered with buildings, roads, water, and so on, but even so, considering the immensity of the area comprised under these two classifications, there must be possibilities of reclamation. Taking therefore into account the scope still left for irrigation, which, it must be remembered, includes not only canal irrigation, but also tank, tube-well and ordinary lift-well irrigation, as well as the possibilities of reclamation and of opening up fresh land, it is clear that the last word has not yet been said in the matter of the extension of the cultivable area of the country.

Turning now to the other question, namely, the possibility of improving Indian agricultural methods, the best plan is plainly to study the chief recommendations of the Commission. These fall into two groups. The first relates to scientific research and its application to the raising of crops and animal husbandry; the second has to do with finance. It is proposed to create a Central Council of Agricultural Research, which would represent the various interests and act as a clearing house for information. It is also to co-ordinate the research work of the central and provincial departments of agriculture, and to establish a bureau to organise co-ordinated work in connection with crops, animal husbandry, dairying and veterinary matters. The Commission urge definite experiments to

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test the usefulness of different fertilisers and to discover more efficient methods of seed distribution, and so on. They recommend that the existing oil-crushing industry should be extended, and types of implements and machinery evolved which are suitable for the varying conditions obtaining here and capable of being applied to mass production. The railway authorities are urged to consider carefully the part which they can play in agricultural development; provinces in which irrigation is an important factor are recommended to form local advisory committees to deal with irrigation administration, and the Government of India is advised to create a Central Irrigation Board, with sub-committees in the various provinces, and a central bureau of information on irrigation matters. The Report further suggests that provincial Governments should give liberal grants-in-aid for road development, and float loans to finance sound schemes of road building. It is, however, pointed out that roads should be so designed as to serve as feeders for the railways rather than to compete with them for the traffic. The appointment of an assistant to the Indian Trade Commissioner in London is also recommended and the possibility suggested of creating trade commissionerships in other countries.

A number of important recommendations are also made as to the way in which agriculture is to be financed and on other cognate matters. No usufructuary mortgage of agricultural land should, in the Commission's opinion, be permitted unless provision is made for automatic redemption within twenty years at the outside, and the provincial Governments are advised to consider legislation on the lines of the Punjab Redemption of Mortgages Act. The importance of starting land mortgage banks under the existing Co-operation Acts is stressed, and an appeal is made to men of education to lead a movement for the improvement of the conditions of village life, and for extending compulsory primary education both to men and women, with elementary agriculture as an important

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part of the curriculum. They would like, too, to see the co-operative movement assisted to the fullest extent by provincial Governments. There are many other recommendations, but even this cursory sketch will be enough to show that the Commission have indicated a programme which will occupy both the central and provincial Governments for a long time to come. It also puts opportunities for true nation-building work before the landed, financial and educated classes generally. In any case it will be clear that we can look forward both to an extension of the cultivated area of India and also, if only effect is given to some of the recommendations of the Commission, to an improvement in the yield and quality of staple crops, which would itself mean an incalculably large addition to the national income.

India has also, however, extractive industries which are far from negligible. In 1924, for instance, over 20½ million tons of coal, a record, were raised in British India, and nearly as much was produced in 1926. Close upon two million tons of iron ore were raised in 1926, and the output of petroleum was over 280 million gallons in the same year. Salt is another important item in India's mineral production, and nearly two million tons of it were produced in 1919. There is gold too in British India and tin, wolfram and zinc are all found in Burma, though their production is not yet of great importance. There is also copper in Burma, Bihar and Orissa, and Madras, though this again is not yet exploited on any considerable scale, and there are some of the richest iron ore deposits in the world in Bihar and Orissa. India's immense agricultural resources are indeed backed by large mineral resources which offer possibilities of considerable industrial development.

How then, does India dispose of what she produces? With so vast a population it is inevitable that the bulk of it should be consumed here, and it has, in fact, been estimated that less than ten per cent. is available for export. But this percentage represents a true exportable surplus,

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that is to say, it is what is left over after the wants of the people of the country have been satisfied. Nevertheless, exports of such staple commodities as rice, cotton, and jute are still very large, and a highly important factor in world trade. It is a pity, as the Commission point out, that no adequate survey of the Indian internal markets has ever been undertaken. There are thousands of them, and they range from the well-built, well-organised grain markets of the Punjab Canal colonies, to the modest stocks at the disposal of the village shopkeepers in district centres. The average cultivator grows food for himself and his family, and marketing is, as a rule, only a secondary concern. Nevertheless, it is certain that if marketing and distribution generally were better organised, a good deal of waste would be saved and this would have a favourable effect on prices and, no doubt, increase the amount available for export. But although so much that India produces is consumed inside the country, the agricultural products which are exported are far from insignificant. In the record year, 1925-26, the value of rice exports nearly reached 400 million rupees, whilst the raw cotton exported came to about 95 millions, raw jute to about 38 millions, oil-seeds to roughly 30 millions, and tea to more than 27 millions. Exports of wheat fluctuate greatly. Thus, during the year 1924-25, their value exceeded 17 million rupees, but two years later they had fallen to something over 2½ millions. There are also other important exports of agricultural and raw products and some of them are on the increase.

At the same time the ports, railways, and roads have been steadily growing for the past half-century, and so has road traffic, particularly motor traffic. All this is also helping to stabilise and strengthen the economic structure of India and, in conjunction with the possibilities to which reference has already been made, it shows that important though her position already is in the trade of the world, she can look forward to still further progress. But this in

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its turn depends upon the development of the financial machinery which is discussed in the next section.

Agriculture is, of course, far the most important industry in India. Nearly three-fourths of her people, indeed, are dependent on it for their livelihood; but the other industries are sufficiently important to place her among the first eight industrial countries of the world. Indian factories and workshops, moreover, cover a wide range of operations. In the year 1926, there were 7,251 factories subject to the Factories Act. They included the great jute and cotton mills, steel works, railway workshops, clothing factories, electrical engineering works, petroleum refineries, dyeing and bleaching works, tanneries, rubber factories, cotton ginning and paper works, and a multitude of others. The average daily number of persons employed in them in British India during the year 1926 was over $1\frac{1}{2}$ millions. As might be expected, Indian industry is mainly concentrated in the three oldest British possessions, Madras, Bengal and Bombay. We find, indeed, more than half of the factories registered under the Factories Act, and about 70 per cent. of the total industrial population in these places. In Bengal, notably in Calcutta and its suburbs, there are the jute mills and railway workshops; Bombay is the chief centre of the cotton industry, and Madras has rice mills, cotton factories, cotton ginning and baling works, and railway workshops. Outside the three presidencies, the most important centres are the Tata works at Jamshedpur, the woollen and cloth mills and leather and engineering works at Cawnpore, the mills which deal with the immense rice crop of Burma at Rangoon, and the flourishing cotton industry of Nagpur. The Punjab, however, is not devoid of factories, and Amritsar, Dhariwal and Lahore are all likely to grow in importance as industrial centres. In the year 1926-27 India exported nearly 532 million rupees worth of manufactured jute to the leading countries of the world, as well as the 107 millions worth of cotton goods already mentioned.

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But in considering the extent and scope of Indian industry we must not forget the village and cottage industries, which, in the aggregate, are of immense importance, though only a small percentage of them find their way into the official statistics. As far back as 1921, the census return showed nearly twelve millions of people as employed in industry of some kind or other, and the number must have grown appreciably since then. Practically all the major provinces of India now have departments of industries which devote a great deal of attention and money to improving the implements and technique of village industries, and in many places co-operative societies have begun to tackle the problem of marketing their products. Hand-loom weaving and pottery are usually a factor in the self-sufficing economy of the Indian village, but an amount of hand-spun yarn, cloth and pottery—the last still made on the primitive potter's wheel—which, in the aggregate, is considerable, is produced for sale. An interesting and important development of late years has been the application of power to village industries, such as oil and sugar cane pressing, rice hulling, corn grinding, and so on, and when certain hydro-electric schemes, especially the Punjab one which is now in process of completion, are finished, this particular improvement may reasonably be expected to receive a great stimulus. In fact, the application of scientific inventions to village industry, the continued extension of communications of all sorts, the work of the provincial departments of industries, and the assistance of co-operative societies, particularly on the financial side, all presage considerable developments on this important side of the national economy.

At the moment Indian industry and the labour on which it depends are far from being in a satisfactory condition. As far as cotton, the premier factory industry, is concerned, the future is obscure. Its chief centre, Bombay, has suffered for the best part of a year from severe and prolonged strikes, accompanied by rowdyism and actual crime. There

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has been nothing like the same amount of unrest in other centres of the industry, such as Ahmedabad, Sholapur, Madras and Cawnpore, and the indications point to something amiss with the Bombay city industry itself. Certainly this was the conclusion reached by the Cotton Tariff Board, which issued its report in 1927. The Board found that, although competition from Japan and other parts of India was responsible for some of the troubles, the mill-owners were themselves responsible for others. It would seem that the industry is in the process of migrating away from Bombay, and there is no reason to doubt that this process will continue. The Tata works at Jamshedpur have also suffered heavily during recent months from strikes, and the process of modernising the equipment and organisation of the great railway repair shops has led to others on a serious scale in important centres like Lillooah and Kharagpur near Calcutta. There is, in fact, a good deal of unrest now-a-days among Indian labour, much of it due to the usual economic causes, but much of it also undoubtedly due to paid agitators and communist agents. As long as the latter are able to continue their work, an industrial population, poor and ignorant, cannot be expected to settle down. Yet last autumn, when the Indian Government introduced a Bill to enable them to remove non-Indian communist agents from the country, they were opposed in the Assembly by prominent representatives of Indian industrial and financial interests. However, bitter experience during the intervening months, particularly in Bombay, has, there is reason to believe, produced a certain change of attitude, and if, as is probable, the Bill is re-introduced, it may well pass into law during the forthcoming session. But the seriousness of the existing labour situation should not be under-rated. The movement for higher wages and better conditions of living is in any case bound to continue and to grow in strength, though it will not be assisted by the efforts of those who want to use labour for purely political purposes.

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II. FINANCE.

LONG ago a Finance Member of the Government of India expressed the intimate relation between the annual monsoon and the finances of India in a famous aphorism. The finances were, he said, "a gamble in rain," and, as the author of *India in 1925-26** has pointed out, this aphorism still holds good, although the extension of irrigation and communications of all kinds, particularly railways, described in the last section, has made the gamble a less desperate one than it used to be. A bad monsoon means not only scarcity and distress in India, but also a great reduction in the exportable surplus of her products—and agricultural products form three-quarters of the total exports. In consequence, a strain on the exchange is also involved, and reduced resources to meet the large annual charges, which she has to meet in foreign countries, particularly in England. For India is a debtor country and has to pay interest on the large amount of capital invested in her railways, irrigation system and other undertakings. The annual payments which have to be made in England by the central and provincial Governments are at present something over £30 million, most of which, of course, represents interest on capital sunk in productive works, but also includes pensions to retired officers, leave salaries, the cost of the High Commissioner's establishment, and so on. The balance of trade is normally largely in India's favour and in 1925-26 it reached the record figure of 161 crores† of rupees. In that year gold and silver bullion to the value of 52 crores was imported in part liquidation of the balance of trade. There has been for many years a flow of precious metals from outside into India.

* *India in 1925-26*, by J. Coatman.

† A crore is 10 millions.

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The finances of the central Government are only part of the finances of all India, and provincial finances are a very important element in the whole. In the year 1926-27 the revenue of the central Government amounted to 1,316.5 millions of rupees, whilst that of the provincial Governments totalled 864.3 millions. The existing financial relations between the central Government and the provinces attained their present form as the result of the Montagu-Chelmsford Reforms. Their most important feature is the clean cut between the central and provincial heads of revenue. The central Government now has certain sources of revenue, the most important of which are customs, salt, and income-tax, whilst the provinces also have their own sources, of which land revenue is the most important. This clean cut left the central Government with the prospect of a heavy deficit, to meet which it was decided to take annual contributions from the provincial revenues. The new arrangement began to function in the middle of the post-war stringency and financial upset, and naturally both the central and provincial Governments quickly found themselves in monetary troubles. Budget deficits were the order of the day. Between 1918 and 1923 a number of lean years and recurring deficits brought the finances of the Government of India into a parlous condition, and the prospect of a remission of provincial contributions, to which the provinces looked for financial salvation and for the means with which to undertake the expansion of beneficial services, such as education, public health and so on, of which it had been hoped that the reforms were the prelude, had apparently receded into the remote distance.

But relief was at hand, and it was to come from a combination of good fortune and rare financial skill. For the beginning of Sir Basil Blackett's period of office as Finance Member coincided with the beginning of a hitherto unbroken series of good monsoons. The story of Sir Basil's administration is now a matter of history, and it is unneces-

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sary to do more here than set down very baldly its results. In his first year he balanced his budget by increasing the salt tax, an act which met with fierce opposition but produced the desired effect. It may also be mentioned that the tax was restored to its original figure a year later. Once his budget was balanced, Sir Basil Blackett was able to look about for the surplus which would enable him to begin the process, which he had announced lay very near to his heart, of abolishing the provincial contributions. In his search he was greatly helped by the work of the Inchcape Committee which led to economies in various directions. This, in conjunction with good monsoons and the steady, if slow, restoration of economic stability both in India and abroad, put him in a position to make his first remission in his budget for 1925-26, whilst in his last budget in 1928-29, he was able to announce the permanent remission of the provincial contributions which were still outstanding. The budgets of most of the provincial Governments are now balanced and provinces like Madras and the Punjab are in an eminently satisfactory financial position. In fact, as far as the general finances of the country are concerned, India is in a very enviable position. The state of her public debt and her credit are eminently satisfactory. In his last budget speech at Delhi, on February 29, 1928, Sir Basil Blackett could point out that, during the previous five years, productive debt had increased by 189 crores, whilst unproductive debt had diminished by 76 crores; that the debt due to deficits in the national revenue between 1918 and 1923 was being steadily wiped out and that if the present rate of progress were maintained, twelve years would see every rupee of unproductive debt expunged. The value to India of her Government's wise policy of debt reduction is shown by the fact that in 1926 they borrowed in India at the rate of 4.69 per cent. subject to income tax, whereas in 1922 they had to pay 6 per cent. tax free. Again, it is worth noticing that the charge on the budget of 1927-28 for interest on dead-weight debt was between five and six

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crores less than it was four years before, and considerably larger than the total amount of the present provision for the reduction or avoidance of debt.

Thus, with balanced budgets, decreasing unproductive public debt and sound credit both in India and abroad, the national finances are in a healthy state, and we may now pass on to the question of the amount of capital in private hands which is available in this country for industrial and general economic development. Anybody who knows India will at once realise that anything like a census of personal wealth is quite out of the question under present conditions. At the beginning of 1925, a committee was appointed to enquire into economic conditions here and, discussing this very question in a separate minute, one of the members of the committee said :—

Witnesses frequently expressed the opinion that enquiries regarding the personal wealth of the people would be greatly resented, probably viewed with suspicion, and lead to no fruitful results. Any attempt to ascertain the wealth of individuals and families may prejudice the results of the enquiry as a whole. Some witnesses take the view that, in certain parts of the country, the investigators would meet with a very hostile reception. Moreover, it would be extremely difficult to estimate the value of jewellery, even if families were prepared to disclose their holdings. Many a person would refuse to reveal his buried wealth for fear of dacoity (i.e. gang robbery), apart from the likelihood of taxation. In the present stage of India's social progress it would appear advisable to abandon the idea of carrying out enquiries into individual wealth.

It is true that partial enquiries are being carried out by official, semi-official, university and other bodies, into various aspects of the economic conditions of the Indian people, but these enquiries are relatively insignificant in view of the vastness of the subject, and years of close study by competent economists would be required to extract from official records, such as settlement reports, the wealth of economic data which they contain. Even an approximate estimate, therefore, of capital available for investment in private hands cannot be given. The imports of precious metals into India, however, show that there must be a great

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reservoir of capital in the country, for they have been going on for years, and the hoarding habit is proverbial here. In 1925 it was admitted in the report of the External Capital Committee that India possesses a vast store of dormant capital awaiting development, and later in the same year Sir Basil Blackett, addressing Delhi university on India's banking and monetary problems, referred to her historic reliance on external capital both for government expenditure and for the development of her industries.

It may (he said) sound fantastic to talk of India's not only supplying the whole of her capital requirements but also becoming a lender of capital for the development of other countries. Yet I believe firmly that given the necessary development of banking and credit facilities. . . the time is not very far distant when India will be doing both these things. India would seem by nature to be destined to be a creditor country if only her people will it so.

We may take it, then, as certain that large supplies of capital are lying dormant in this country, which would be available for the purposes of development if only it could be mobilised. Clearly this mobilisation can be effected only by the development of a sound system of banking and credit, but this is a truism which has been stated with varying degrees of emphasis and authority by committees and commissions, financial experts and business men, during the last few years. The latest and most authoritative pronouncement was made by the Royal Commission on Indian Currency and Finance, which issued its report in August 1926. "Nothing," it said, "should be left undone which will tend to facilitate and encourage banking progress in this country."

What then is the present state of banking in India? In the official moral and material progress report for 1926-27* we find the following account.

Indian banks fall into four well-defined classes: First, there is the Imperial Bank of India, with its many branches all over the country,

* *India in 1926-7*, by J. Coatman; p. 231. (Calcutta: Government of India Central Publication Branch.)

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numbering over 160, in addition to about 20 sub-agencies. Next come the exchange banks, which are really branches in India of banking corporations, whose main interests are in Europe or the Far East, and who finance the Indian export trade as an important addition to their main operations. Next come the Indian joint-stock banks, and, lastly, the numerous and heterogeneous group of Indian bankers, brokers, Marwaris and so on, whose operations are almost entirely confined to the interior of India. It is the members of this group who finance the movement of crops to the ports where the exchange banks, so to speak, take them over and begin their operations. It is well known that India is woefully short of banks, and it has been calculated that there are still approximately 500 towns in India with populations of 10,000 and upwards which enjoy no modern banking facilities at all.

The Imperial Bank of India, which came into existence in 1920, has rendered a valuable service to India by opening more than 100 new branches, but it is clear from the official report that there is scope for further development. In this regard the part which is being played by co-operative banks must not be underrated; they are safeguarding and improving the position of the cultivators, providing a stimulus to agricultural operations all over the country, and the scope of their activities is being constantly widened. But it remains true that the great need of the present day is the development of the joint stock bank, and, of course, the Indian owned and controlled bank. A recent writer on the organisation of Indian banking, Mr. B. T. Thakur, has pointed out that at the end of 1924 there were only six joint stock banks in this country which had deposits of more than a crore of rupees each, and of these, four were managed by Europeans. The only Indian banks of any consequence are, he pointed out, the Central Bank of India and the Punjab National Bank, which between them own deposits of nearly 20 crores. In 1870 there were two reporting Indian joint stock banks, with combined deposits of less than 1½ million rupees. By 1913 the number of reporting banks had risen to twenty-three, and the combined deposits to over fifteen million rupees, whilst ten years later the number of banks and the

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amount of the deposits had almost doubled. Progress is, therefore, being made at an accelerating rate, but the number of bank failures between 1913 and 1924 was no less than 161, of which, as Mr. Thakur points out, 146 were banks with a paid up capital of less than five lakhs* each, whilst 126 had a paid up capital of less than one lakh each. These failures, in conjunction with the average Indian's traditional fear of letting his cash go outside his own hoard, are formidable obstacles to the growth of the investment habit, which is, however, undoubtedly being stimulated by the growing popularity of the post office savings banks, and the post office cash certificates. The formation of an Indian Institute of Bankers a year or so ago in fulfilment of one of the recommendations of the External Capital Committee will also certainly prove of immense value in the development of a more satisfactory banking and credit system.

From every point of view the failure of Sir Basil Blackett's attempt to establish a Reserve Bank for India is to be deplored. In introducing the Gold Standard and Reserve Bank of India Bill in January 1927, he made it clear that the establishment of such a bank would be "an enormous step forward in the development of India's financial and monetary machinery" and that it would "assist the gradual silent evolution in India's economic life which promises to bring higher opportunities of life and a higher standard of living to everyone in the country." After showing that the valuable work which was being done by the Imperial Bank of India in spreading banking facilities throughout the country would be in no way injured, and that the main object of the Reserve Bank would be to take over from the Government of India all those functions which they were at present performing and which were essentially of a banking character, Sir Basil said :

Once these two institutions are strongly established side by side, India will move forward towards other financial and economic

* A lakh is 100,000.

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developments with the granting of additional financial and banking facilities for Indian agriculture, Indian commerce, and Indian industry, which has been the theme and object of one commission and committee after another. We shall see . . . in short, a gradual mobilisation of India's immense potential capital for the development of India's own resources.

Into the merits of the controversy which raged round this attempt, or the details of Sir Basil's proposals, and the reasons for their rejection, it is neither necessary nor possible for us to go.* But many elements totally unconnected with the subject of banking entered into the result. When the Legislative Assembly by only one vote rejected the motion that one of the clauses—a number of hostile amendments to which had been already rejected by the House—stand part of the Bill, the Government of India decided that it had better be withdrawn, at any rate for the present. It is, however, certain that it must come up again at some future time, for, in this respect as in so many others, India will be obliged to come into line with developments in other modern States, and when she does and when she gets her reserve bank as the mainspring of all her banking and credit activities, it will not be forgotten that it was Sir Basil Blackett who pioneered the way and who would have given India control of her own finance and currency system years ago.

In connection with the development of the Indian banking system it is worth considering the desirability of establishing industrial banks of the German type, that is, banks with a big paid up capital, strong cash reserves, and long term deposits. Even if sufficient private capital could not be attracted, it might be worth the while of both the central and provincial Governments, more particularly the latter, to examine the question of whether they might not more profitably employ money through such banks than on some, at any rate, of the activities of their Departments of Industries. This, however, is a matter which the banking and government interests will

* See THE ROUND TABLE, No. 69, December 1927, pp. 105-116.

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have to consider very carefully, and it is mentioned here merely to draw attention to it.

Lastly, before we leave the subject of Indian banking a word might be said about the Indian Companies Act. In its present form the Act is not altogether satisfactory. It still leaves too many loopholes for dishonest or reckless bank and company promoters, and many of the bank failures, to which reference has already been made, would undoubtedly have been prevented by a more adequate Act.

The main features of the Indian economic and financial scene have now been passed in rapid review, but the present circumstances of India make an epilogue desirable. Enough has been said to show not only that the possibilities of economic development, both in agriculture and industry, are enormous, but that the development is actually taking place. All the indications are, indeed, that it is taking place at a constantly accelerating rate, and the need of a banking and credit system to cope with and speed up this process is widely recognised. But in other directions the country is distracted, and distracted in a way which must prove deeply prejudicial to economic development and to the growth of that sense of confidence in her future which is essential to the economic development of India. This difficulty might, indeed, in certain circumstances prove fatal. Reference has already been made to labour troubles, but these are only a part of a wider unrest which, if Mr. Gandhi's threat of non-cooperation in 1930, endorsed as it was by the Indian National Congress last month, is put into practice, must at the best retard for a time India's economic progress in several directions, and, in the unthinkable event of its complete success, would irretrievably ruin the economic and political structure of the country. Since the beginning of British rule, the population of India has grown enormously, and a very large part of it is dependent for existence on industrial, commercial and other activities. Even Indian agriculture, the occupation of almost three-fourths of her people, depends

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on the assured and smooth functioning of an intricate network of communications, particularly railways, on the upkeep and working of her many local markets, on the financial services of her money-lenders and innumerable local financiers, and on a host of other things none of which could survive the success of Mr. Gandhi's programme. The continuance of stable and orderly government is literally a matter of life and death for the whole people, quite apart from any question of aggression from outside. And every country trading with India whose welfare is dependent on India has, to the extent of that trade, an interest in the existence here of stable government.

India.

January 1929.

GREAT BRITAIN : THE POLITICAL TEMPERATURE

THERE has been a noticeable rise in the political temperature of Great Britain during the last three months, due to the imminence of the general election. But the situation remains obscure. By-elections, notoriously bad tests of prevalent political feeling, are worse than useless as a guide to the future at a time when five million new electors will come on to the register just before polling day. The Midlothian result was generally anticipated, and Labour satisfaction over their victory was substantially modified by the drop in their aggregate poll, which has indeed been interpreted in some quarters as marking a turn of the tide. The defeat of the Unionist was quite clearly caused by the surprisingly vigorous intervention of a Liberal candidate and Battersea reinforces such deductions as are to be drawn from Midlothian.

But with the date of the election approximately fixed, and the issues already defined, it is remarkable that there should be so much uncertainty as to the result. No one ventures to prophesy, and the cause is a threefold one : the size of the modern electorate, the unknown quantity of the new voters, and the fact that for the first time in British political history three parties are bidding for power. The Unionists hope for an adequate majority in the next House of Commons ; the Liberals hope to hold the balance and if possible to re-establish their equality with the other two parties by securing a reform of the electoral system ; and Labour hopes to encompass the destruction of

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Liberalism as a political force, and to come at least within striking distance of complete and independent power.

What then are the chances of the three parties attaining their respective ends ? Of the Unionists it may be said at once that there is no reason to suppose that they will lose their hold upon the rural districts. They have done more for agriculture than any other party has done or is likely to do. They have the Merchandise Marks Act, the Agricultural Credits Act, the Housing (Rural Workers) Act, and, last but not least, the de-rating proposals to their credit. Mr. Churchill has gone far to negative the criticisms of his road fund raids by raising the Exchequer grants to class I and class II roads. And if prosperity has not yet returned to the agricultural industry, the long disastrous fall in the general level of prices which has been primarily responsible for the depression since 1921, has at least been checked. Moreover, the recent protectionist *démarche* of the National Farmers' Union was merely a pre-election gesture, and need not be taken too seriously. The farmers realise well enough that if they cannot get "safeguarding" from the present Government they are still less likely to get it from either of the other parties. In the mining districts it is hardly conceivable that the Unionists will retain a single seat. The unpopularity of the Eight Hours Act can only be realised by those who have had opportunities of addressing miners on the subject. But this will not seriously jeopardise their prospects, as the number of such seats held by the party at the present time is negligible. The great danger, from their point of view, lies in the possibility of a landslide in the industrial districts of the Midlands and the North. If this were to occur on a large scale it would put the Government out. And the question which confronts the Unionists, and which will not be answered until the ballot-boxes reveal their contents, is whether the advantages mentioned in the last issue of *THE ROUND TABLE*, namely the personal popularity of Mr. Baldwin (an invaluable asset), the Pensions Act,

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the de-rating scheme, and a general fear of Socialists and Socialism, will be sufficient to counteract the growing feeling that the coal problem has been grossly mishandled from the start, and that the Government has failed to deal with unemployment and to evolve an adequate industrial policy.

Such tide as is flowing—and it is very difficult to estimate its speed or its strength—is undoubtedly behind the Labour movement. Mr. Ramsay MacDonald is wisely confining himself to criticism of the Government's record (no difficult task) and to continental tours in his favourite rôle of international statesman. His value to his party can hardly be overestimated. His vague and tortuous expositions of socialism are admirably suited to its present amorphous and inchoate condition. Probably no other man could hold such diverse personalities as Mr. Philip Snowden, Mr. J. H. Thomas, Mr. Wheatley, and Mr. Maxton in the same fold. The activities of the last-named, who cannot keep one foot out of the communist camp, have caused almost unceasing anxiety to the Labour party "managers," though he has been more malleable of late, and his various excursions have never unduly alarmed the country. The "manifesto" recently issued by the national executive of the party was far too long to make any serious impression on the electorate, and contained a sufficiency of legislative proposals to occupy the time of Parliament for the next twenty years. A brief statement of Labour policy is therefore called for with a "priority" list of reforms, if such can be prepared before the election without irretrievable splits in the rank and file of the movement. Signs are not wanting that the declared intention to nationalise the Bank of England is causing widespread alarm and suspicion amongst many who would otherwise feel disposed to support Labour at the polls, and the more moderate element will probably attempt to relegate this proposal to a dim and distant future. Mr. MacDonald, indeed, evidently alive to this danger, has been applying the soft

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pedal where banking and currency are concerned, but some of his younger supporters are more anxious to get a grip on the machine which controls credit supplies than anything else. Meanwhile the Unionist and Liberal leaders are making the most of an open threat which cannot fail to benefit them if persisted in. Of the Labour party as a whole, however, it may be said that while it still contains many diverse and conflicting elements, and as a political force is both inexperienced and incoherent, it will present a sufficiently united front at the election to ensure a substantial addition to its present numbers in the House of Commons, although it is highly improbable that it will obtain a clear majority.

It is the Liberal party which provides the element of mystery, fogs the issues, and renders political prophecy more than usually futile. There are those who maintain that it cannot return less than eighty strong, which would almost certainly be sufficient for its immediate purpose—that of self-preservation. Others declare with equal emphasis that the next House of Commons will contain fewer Liberals than the present one. The decline of Mr. Lloyd George's influence in the country is certainly the greatest phenomenon in contemporary British politics. By every test he is the most formidable living politician. He has lost none of his vitality, his courage, or his imaginative and driving power. Yet he has lost—apparently for ever—the confidence of the British electorate, for he cannot secure their votes. Doubtless the inherent difficulties of the centre party in a three-party system are partly responsible for this, and the implacable hostility of Mr. Walter Runciman, both to Mr. Lloyd George and to his policy, has no doubt further diminished the narrow margin of Liberal strength, and disrupted their attenuated ranks. At all events, the outlook for the Liberal party cannot be described as promising, and there is as yet no evidence of the much talked of "revival." Speculation is, however, rife as to the tactics of a Liberal minority should

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it find itself in a position to hold the balance between Labour and Conservatism, and Sir Herbert Samuel fluttered not a few dovescots when he declared at Newcastle that on no account will the Liberal party put the Labour party into office. This statement he hastened to modify and qualify in subsequent speeches, but it is obvious that the recent movement towards a Liberal-Labour "rapprochement," which emanated almost entirely from Liberal sources, has received a sharp check. The younger and more active members of both the Labour executives have made it perfectly plain that their primary political objective is the total destruction of the Liberal party, and in the face of this uncompromising attitude even the most optimistic radicals have begun to feel discouraged. It is significant that Liberal candidates are now talking in the country of co-operation between "all progressive minded members of the next House of Commons." But the truth is that the Liberal party is more concerned at the moment about its survival than its subsequent tactics—a laudable but somewhat disheartening political objective.

Meanwhile in the House of Commons the two Local Government Bills homeward plod their weary way. Mr. Chamberlain has made many concessions as a result of his conferences and discussions with expert bodies of all sorts, and with the Local Authorities themselves. Opposition to his measure has thus been reduced to a bare minimum, and in the House itself is practically confined to criticism of the block grant. There is a general and praiseworthy fear that under the new scheme the maternity and child welfare services may be starved in certain districts, which has only partially been allayed by the additional powers the Minister has taken unto himself in order to secure their efficiency. A proposal to exclude breweries, distilleries, and tobacco factories, which emanated from the Unionist benches, was justifiably ridiculed by Mr. Chamberlain. Not only was it wholly impracticable, but it cut at the basic principle of the Bill which is that the tools and plant of

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production ought not to be taxed as such, but only the profits arising from their use. Sir John Gilmour has had a good deal of trouble with the small burghs in Scotland, which are to be deprived of some of their present functions, but on the whole it may be said that neither of the Local Government Bills are as unpopular in the country as was at one time feared in Government circles. Whether "de-rating" will prove to be a good election cry is another matter. The distinction drawn for the first time between "producers" and the rest of the community has aroused considerable interest, but not much enthusiasm, and the benefits to be derived from the application of the scheme are regarded with a good deal of scepticism. Statistics evolved by the Ministry of Health have been countered by the opposition, and the public mind is somewhat confused and even irritated by both their quantity and their intricacy. At the same time it is felt that a genuine attempt is being made to remove burdens from industry which are by their very nature a first charge on the cost of production, and the psychological effect of the proposals as a whole will be beneficial to the Unionists rather than otherwise. The details of the Bills have been settled by the Departments concerned in consultation with "outside experts," and the House of Commons has had little say in the matter. Indeed it has become increasingly clear that a "committee of the whole House" is quite incapable of dealing with legislation of this character. Clause III of the English Bill, which gave very wide powers to the Minister of Health to amend the Bill as he thought "necessary or expedient," was withdrawn for redrafting at the instance of various Conservative members. The power of the bureaucracy continues steadily to encroach upon that of democracy, and it would appear that a drastic revision of the procedure of the House of Commons is necessary if that institution is to regain anything like its old supremacy.

The Local Government Bills, the estimates, and the Finance Bill are expected to occupy the whole time of

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Parliament until the election, and the enormous expenditure on the social services—amounting in 1926-7 to no less than £383,260,486—and an anticipated expenditure of not less than £35,000,000 a year upon the local government and rating reforms, will prevent Mr. Churchill from attempting anything in the nature of a startling budget. Interest is therefore already shifting from a House of Commons which is obviously out of touch with the country to the constituencies where the fateful drama is so soon to be enacted.

There, there is one question which is a source of considerable embarrassment both to the Unionist and Labour parties, and that is safeguarding. An enquiry has already been set up into the position of the textile industry. Another has been requested by iron and steel, but the danger of granting such a demand is obvious. If an import duty were conceded to both these industries the "safeguarding" bluff would be definitely called, and the country would be committed to a protectionist policy at least as full-blown as that advocated by Mr. Baldwin in 1923. The Unionist leader has been performing a skilful tight-rope dance on this issue for some months now, and it seemed until quite recently that he was going to get away with it. A dangerous situation is, however, rapidly developing, and if the Government definitely commits itself to the safeguarding of raw materials involving some hundreds of subsidiary industries, it will alienate not only large numbers of its present supporters, but also the agricultural industry.

The Labour party is, however, in almost as serious a plight. Trade unionists both in the woollen and iron and steel trades have associated themselves with their employers in demanding a protective duty. And despite the agitated sarcasms of Mr. Snowden the protectionist element amongst the Socialists, always latent, is steadily increasing in strength, and emerging into the open. Mr. E. F. Wise, one of the rising younger men in the Labour movement,

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recently wrote an article for the *New Leader* openly challenging Mr. Snowden's attitude, and declaring that the old radical free trade doctrine formed no part of the Socialist creed. But despite numerous alarms and excursions, the "enquiry" stage is not likely to finish for some time to come, and it is to be assumed that the leaders of both the Unionist and Labour parties will make strenuous efforts to avoid raising protection as a naked issue at the election. Even so, however, the forces at work may prove to be too strong for them, and in that event a substantial Liberal revival may confidently be predicted, with a corresponding disintegration and paralysis of the other two parties.

Foreign affairs are not likely to play a prominent part in the politics of the immediate future. The reverberations of the ill-starred Anglo-French pact have died away, and although the confidence once enjoyed by Sir Austen Chamberlain has been largely dissipated, and there is a widespread feeling that British policy on the Continent is far too subject to French influence, the situation is regarded as no longer dangerous to the Government and economic considerations are once more paramount. In this connection a note of exasperation may be observed among politicians of all parties with the leaders of British industry. It is now nearly ten years since the slump commenced, yet reorganisation has hardly begun in spite of all the talk about rationalisation during the last four years. It is, however, unnecessary to go into detail on the subject, as the way in which our industries have been outstripped both in technical efficiency and organisation for large scale production by their Continental and American rivals is described elsewhere.* And now a section of industrialists is believed to be engaged in an attempt to *sabotage* the Melchett-Turner negotiations for the establishment of co-operation between employers and workmen and the institution of a National Industrial Council. The em-

* See page 257.

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ployers' organisations have, at all events, hitherto failed to lend their support to the laudable efforts of the "Mond Conference" to find a basis for industrial peace,* and the Engineers' Association have gone so far as to issue a manifesto declining to give away business secrets to trade unionists unless the latter abandon their political beliefs. Such a document would raise a smile if the position were not so tragic. For there is a very real danger that what might well have proved a successful attempt to bridge the gap between capital and labour will be frustrated. If the wreckers win, the political reactions will be immediate and profound. A socialist administration of a more or less extreme type will sooner or later become inevitable, and this would be followed by the application of nationalisation on a wider scale than is now contemplated, coupled with intense economic strife and an indefinite delay in the reconstruction of industry on modern scientific lines.

The attitude of the Prime Minister to the industrial problem, which becomes more acute with the passage of time, is of peculiar interest. He has done more than most men to create an atmosphere and a psychological outlook favourable to industrial peace. In the face of a growing threat to his most cherished ambitions, he can hardly remain silent. Yet of late he has seemed to incline very definitely towards a policy of complete "laissez-faire" so far as industry is concerned. In his recent speeches at Newcastle and Dundee he has been content to warn his audiences against the dangers of socialism and government "interference" generally; and he has given no indication that he contemplates anything in the nature of a constructive industrial policy. There is reason to suppose that his resolute refusal to infuse new blood into his administration is due not so much to a disinclination to offend old colleagues as to a conviction that political "ideas" applied to the economic sphere are not only useless but actually harmful. It is by no means certain that the country

* See Postscript.

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shares this view, or that a majority of the electors are of the opinion that the last word upon the subject of economics has been said by Sir Philip Cunliffe-Lister and Sir Arthur Steel-Maitland. The unemployment figure exceeds a million and a half, and distress in the mining areas remains acute. These facts are bound to bulk large at the election, and searching questions will be addressed to Unionist candidates. What has the Government done to hasten or to assist the rationalisation of industry, to stimulate emigration, to develop markets, to absorb some of the surplus unemployed in works of national importance? Certainly Mr. Baldwin's last statement in the House of Commons contained nothing new except the proposal to contribute pound for pound to the Lord Mayor's fund, which afforded little satisfaction to anyone. Is a purely haphazard grant to supplement the efforts of private charity to be the limit of the Government's endeavours at a time of grave national economic crisis? Upon the final answers to these questions the result of the next election may very largely depend.

The recent sharp rise in the Bank rate gives cause for additional anxiety, and considerable apprehension exists. The American situation may have further dangers in store for us. We have had, it is perfectly true, comparatively low interest rates for the last twelve months or more with the consequence that we have been losing considerable quantities of gold both to the United States and to Germany. Although the Bank rate has unfortunately had to be raised in order to protect ourselves against the United States, this country has exhibited considerable strength and unless the Federal Reserve rate is put up, the situation may within a reasonable period of time change to our advantage again and the Bank rate be once more lowered in this country. One thing is, however, fairly certain. The country is in no mood to tolerate continuous inactivity in the face of the present unemployment menace, and the demand for a vigorous policy of national

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development, so frequently voiced by Mr. Lloyd George, is increasing.

Enough has been said to show that if unemployment is to be the main issue at the election, the Unionists have no grounds for undue complacency. They have indeed followed too long the old easygoing primrose path. Unless trade undergoes a striking and unexpected change for the better, they will be obliged to get a move on or to get out. A shrewd politician observed the other day that the Tories were no good unless they were hard pressed and thoroughly frightened. If this is true they may be expected to show substantial improvement in the near future, for their majority after the next election cannot in any circumstances be a large one.

POSTSCRIPT.

As this article goes to press the news comes that the employers' reply has been sent to the Mond-Turner Conference. The actual terms are not published, but its effect is indicated in another letter sent by the Confederation of Employers' Organisations and the Federation of British Industries to the General Council of the Trades Union Congress. The reply contains four main points.

1. The proposal of a conference between the Confederation, the Federation, and the General Council to examine the question of the three bodies usefully consulting together upon matters of common interest to industry.

2. A statement that difficulties stand in the way of consultation with the General Council through a National Industrial Council, such as has been proposed.

3. The definite rejection by each body of the Interim Report of the Mond-Turner Conference.

4. An affirmation of the importance of doing everything possible to promote industrial peace, followed by a cordial invitation to the General Council to attend a three-party conference.

The Interim Report of the Mond-Turner Conference had given its findings on the questions of victimisation and trade union recognition, a declaration on rationalisation, and another on the gold reserve and its relations to industry, and lastly the recommendation that a National Industrial Council should be formed.

- (1) To hold regular meetings once a quarter for general consultation on the widest questions concerning industry and industrial progress.

- (2) To establish a Standing Joint Committee for the appointment of Joint Conciliation Boards.

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(3) To establish and direct machinery for continuous investigations into industrial problems.

The existing joint machinery had, the Conference found, on the whole been successful in dealing with the majority of disputes, but during the last few years it had failed to deal with certain disputes of a serious magnitude. It was laid down that nothing should be done to interfere with the beneficial work of the existing joint machinery, but that a joint standing committee of the National Industrial Council should be made an executive authority for the provision of joint conciliation boards for use when an industry itself failed to settle a dispute.

(See *The Times*, February 14, 1929.)

IRELAND : EVENTS IN THE FREE STATE

I. POLITICAL

FOR the first time since the establishment of the Free State we have entered on a new year in which there is every prospect of political stability. This is due to the fact that every political party of any importance is now represented in the Dail and Senate and taking an active part in their proceedings. The best symptom of our political equilibrium is the fact that the proceedings of the Dail have ceased to be exciting, and are seldom even entertaining. Leinster House during the last session presented the spectacle of a normal legislative assembly doing its proper work without any oratorical fireworks. In spite of the slender Government majority there is also every prospect that this parliament will live its allotted span, a matter of supreme importance, because the daily contact that has been established, both inside and outside the House, between members of different parties has done much to soften and diminish those bitter personal feelings which were responsible for much friction in the past. All parties have had to give and take and all have benefited in the process. If the Government have discovered that they are not as perfect as they thought they were before they had to meet direct outspoken criticism, their opponents have been likewise enlightened. The Fianna Fail party since they have been brought face to face with the realities

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of government seem to be considerably less anxious to assume its responsibilities. A year's experience in the Dail has taught them that it may not be so easy to redeem political pledges as it was to make them. A party which at one time or another has promised to tear up the Treaty, upset the Boundary settlement, find work for all, reduce official salaries, and impose unlimited tariffs, cannot sleep easy at the prospect of having to carry out its undertakings. Moreover, the Government with their superior knowledge of parliamentary tactics have always managed to secure sufficient support either from the Labour party or the Independents to outvote any hostile combination.

The changed feeling in the Dail may best be illustrated by the fact that Mr. Cosgrave, acting on a suggestion made by Mr. de Valera, has appointed an Economic Committee representing all parties to inquire into the general economic situation in the Free State and in particular into the existing systems of finance, production and distribution, the relation between costs and values of production and the bearing thereon of standards and costs of living, and to report how best, having regard to the relative contribution which might reasonably be expected by way of taxation or otherwise from the various sections of the community, the economic situation may be improved and additional employment provided. The Chairman of the Committee is Mr. Blythe, Vice-President of the Executive Council and Minister for Finance, and amongst its members are also Mr. McGilligan, Minister for Industry and Commerce and External Affairs, Mr. Hogan, Minister for Agriculture, representing the Government ; Mr. de Valera, his principal lieutenant Deputy Sean Lemass and Deputy Dr. Seamus Ryan, representing Fianna Fail ; Deputy R. Anthony, representing Labour, Captain Nutting, one of the Governors of the Bank of Ireland, representing banking and commercial interests, and our ablest economist, Professor George O'Brien of the National University. The setting up of this Committee is not a mere ruse by the Government

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to side-track the economic question or score over their opponents, but a really honest attempt by a round-table conference to discover the facts and arrive at a solution of our most serious problem. No better method could be devised and some valuable results may be attained if the wild men on both sides can be restrained from shouting their favourite war cries outside. The Fianna Fail party are apparently also anxious to co-operate sincerely in the discussion and everyone can at least share the hope of their official organ that "the clash of ideas which must result from the mixed membership of the Committee will produce suggestions which will give immediately new heart and new hope to Ireland, industrial and agricultural." Mr. de Valera's recent suggestion in the Dail that we ought to sell our agricultural produce in the German market in competition with the Danes indicates his confused mentality as regards agricultural economics, for it should at least be obvious that if Denmark, with Germany next door, prefers to sell her produce in the better English market it is certainly more profitable for us who are nearer to do so than to pay the heavy additional freights necessary to sell in the poorer German market. This perverse anti-English complex so dominates Mr. de Valera that he would apparently prefer to secure a much smaller profit on our agricultural produce as long as he was paid in German marks instead of Saxon shillings. Such a mentality cannot be argued with, it must only be taught by bitter experience. He has recently, in an apparently considered speech, defined the economic policy of Fianna Fail as one of concentration in the first instance on production for the home market and the exportation of surplus products in payment for imported goods which could not economically be produced at home. This policy is to be implemented by means of a combination of protective tariffs, restriction of imports by licence, and a guaranteed price in the case of wheat. Industries both new and old are to be given security by means of import duties, or the reservation of a definite proportion of the

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home market for the particular home products, or a combination of both methods, as may best be suited to the needs of each industry. Control of these protected industries will not be allowed to pass into the hands of foreigners, and when Mr. de Valera speaks of foreigners he really only means the English. To provide the necessary money for these grandiose schemes Irish investors are to be forced by a preferential tax to sell their foreign securities, estimated to be worth £200,000,000, and re-invest the proceeds in the Free State. The Currency Act is to be repealed in so far as it bases the Free State currency on the pound sterling. All this reads splendidly, but its application is another matter, and if this is the policy Mr. de Valera intends to propound to the Economic Committee it is hard to see how it can arrive at any agreement whatever. Wheat growing, for instance, can only be made profitable by a very high tariff which must raise the price of bread, or a heavy subsidy, which must come out of the taxpayer's pocket. What wheat-growing farmers gained would be lost by everyone else and this process of attrition could not go on indefinitely. In any event it is admitted by experts that Irish wheat is too moist to produce a satisfactory flour by itself. Mr. Hogan, the Minister for Agriculture, rightly describes this wheat-growing policy as an attempt to alter the trend of world prices by the aid of national capital ; in other words, to develop what pays least. He points out that the price of wheat has increased only 18 per cent. since 1840, whilst the price of eggs, cattle, potatoes, pork and butter has increased by 397 per cent., 340 per cent., 234 per cent., 160 per cent., and 89 per cent., and as there is no exception to the general rule that the soundest investment is that which brings the largest profit, it would seem that unless we grew more grain for the purpose of turning it as cattle food into beef or butter it could not compete with other agricultural produce. Our real aim should be to increase the quality and quantity of our more profitable produce, and although it is not satisfactory that one market

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takes 97 per cent. of our agricultural produce and that 78 per cent. of our total exports are agricultural we can hardly improve things by neglecting or ceasing to develop our agricultural industry. Mr. Hogan maintains that we cannot protect our industries by tariff or bounty without making the farmer pay the piper, and that such protection must be measured not only by what industry needs but by what the farmer can afford to pay. We cannot, as he plainly puts it, cure the disease by killing the patient. The real problem is not the subsidising of our farmers for unprofitable purposes but their education and organisation. Better quality produce and better organisation for its sale are the greatest needs of our agricultural industry and, in the last resort, it is the business of the farmers themselves to see that these things are forthcoming. Anyhow, it is quite obvious that the Economic Committee will not lack subjects for discussion, even though it can hardly hope to complete the financial and economic education of Fianna Fail.

Apart from these disputes concerning economic policy, the principal issue at the next election will be the so-called financial "tribute" to England of over £5,000,000 a year, which the Fianna Fail party has announced it will cease to pay when it comes into power. In order to understand the honesty of this pronouncement it is necessary to examine how this alleged tribute is made up. In the financial year 1927-28, it is estimated to be £5,231,333, made up as follows: land purchase repayments, £3,135,033; local loans repayments, £600,000; proportion of police pensions, £1,246,300; and instalment of compensation for damage done by British forces during the Anglo-Irish struggle, £250,000. It will be seen that three-fifths of the whole sum consists of payments made under the Land Purchase Acts, by which the land of the country was transferred from the ownership of the landlords to that of the occupiers during the last fifty years. With the exception of £134,500, which is devoted to meeting the

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charges for bonus and excess stock, the whole of the sum of £3,135,033 represents annuities collected from the tenant purchasers in repayment of the money lent by British and Irish investors without which the purchase of Irish land could not have been financed. The Irish Land Commission, which collects the money, and the British Treasury, which pays it over to the investors who advanced it, do not benefit to the extent of one farthing. The British Treasury, in fact, loses heavily on the transaction because the total annual charge in respect of bonus and excess stock is £1,361,000 of which the Free State only pays £134,500, Great Britain having to provide the balance. The local loans item is in the same category as land purchase annuities, being a payment in respect of moneys borrowed before the Treaty by Irish municipal bodies from the British Treasury at lower rates than those ruling in the money market. These loans amounted to a total of roughly £10,000,000, which in the financial settlement of 1927 it was agreed should be repaid by the Free State at the rate of £600,000 a year for twenty years. The ultimate result will be a considerable gain to the Free State exchequer. The police pension contribution represents the Free State's proportion, 75 per cent., of the pensions payable to members of the Royal Irish Constabulary recruited before 1919. This payment is obligatory under Article 10 of the Treaty and will be, of course, a steadily diminishing figure. The last item is an English obligation which was taken over in the final financial settlement as a small *quid pro quo* for England's agreeing to forego her claim to a contribution from the Free State towards the British National Debt and war pensions under Article 5 of the Treaty. The compensation for injuries done by British forces in Ireland was estimated at £5,000,000 and it is being repaid at the rate of £250,000 a year for 60 years. It will be noted that all these payments are due to cease after a number of years. Two of them relate to repayments of sums borrowed for purely Irish purposes

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and the other two are payable as a result of the very profitable international agreements under which we secured our freedom. The case made by the Fianna Fail leaders for retaining the land purchase annuities, which, however, they insist must be paid by the farmers into the Free State exchequer, is that Article 5 of the Treaty held the Free State liable for a share of the National Debt of the old United Kingdom, subject to whatever counter-claim might be advanced, and that the Free State was released from that obligation by the Boundary Settlement Act of 1925. If the land stock was not part of the National Debt then no liability in respect of it was assumed under the Treaty. If it was part of the National Debt then any liability was removed by the 1925 agreement. This dishonest sophistry could not deceive a child because it is obvious that the land stock is not part of the National Debt but a debt due to the stockholders who advanced the money which the borrowers are bound to repay. It is certainly clear that in any event the Free State Government have no claim whatever to the annuities. As regards the other items of the "tribute," the attitude of Fianna Fail would seem to be that because these moneys are payable to England and because their party through their own fault were not represented in the Dail which agreed to pay them, they can now repudiate all liability for payment. Deputy Esmonde has accurately and wittily described this policy as being founded on Balkan principles, namely, permanent hostility to your neighbours, permanent irritation of your neighbours, and a proposal to exalt the reputation of the country by burglary and embezzlement of international obligations. No doubt this glorified robbery will receive considerable support from the baser and more ignorant portion of our agricultural community to whom it naturally suggests a splendid chance of wriggling out of irksome obligations, but it is a double-edged sword and those who draw it would do well to remember that the credit of the Irish farmer, as the Banking Commission has recently pointed out, is still

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suffering from the dishonest habits acquired during the land war. The present Government and the Irish taxpayers have also reason to remember the difficulties created by the "No Income Tax" campaign launched by Sinn Fein before the Treaty and taken advantage of by every rogue in the country. If a future Fianna Fail Government repudiates these just obligations, they will soon be unable to collect either land annuities or rates and taxes from a thoroughly demoralised country. The dishonest people who will support them now are out for a flat repudiation of all liabilities, which they will practise just as readily at the expense of an Irish government. In the meantime our national credit would have sunk to Balkan levels and no financial organisation in the world would lend us money save at a rate of interest and under conditions which would mortgage indefinitely both our credit and our freedom.

It is regrettable that at this moment, when its influence and voice might well be raised in support of an honourable international policy, the Labour party should find itself in a state of disruption owing to a quarrel between the Transport Workers' Union, the most powerful union in the Free State, and the other elements of the organisation. This trouble has been brewing ever since Mr. Johnston's failure to upset the Government in 1927, but only came to a head during the recent Senate election when the other Labour members did not support the Transport Workers' nominee. Should this split continue, as is unfortunately the way with Irish splits, no Labour candidate can count on success at an election and, for the present at all events, Labour would be eliminated as a considerable force in Irish politics. This is deeply to be regretted as Labour deputies have made a valuable and unique contribution to the proceedings of the Dail, whilst their voices have always been raised in support of every humane and constitutional policy.

All parties indeed, except Labour, did their best to

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reduce the Senate election to a farce by nominating placemen and party hacks. The election, which, in accordance with the changes recently made in the Constitution,* was carried out by the Dail and Senate voting together on a panel selected by themselves, resulted in the election of nineteen Senators, only a few of whom could be said by any stretch of the imagination to be persons who in accordance with the Constitution had special knowledge, or who, by their public work, had done honour to the nation. With the exceptions of Dr. Oliver Gogarty, Mr. Samuel L. Brown, K.C., Mr. Thomas Johnston, the former leader of the Labour party, General Sir Bryan Mahon, Mr. John Bagwell, an ex-railway manager, Mr. Patrick Hooper, one of our ablest journalists and Mr. Richard Wilson, an experienced farmer, they contain no person of distinction, and five of the seven above-mentioned successful candidates were outgoing Senators whose claims to re-election could not be ignored. After a few more such elections the Senate will have become a feeble echo of the Dail and not a revising body of disinterested, experienced and honoured citizens bringing dispassionate judgment to bear on party legislation, as the Constitution contemplated. When it reaches that condition few will care whether Mr. de Valera, in his capacity of political toreador, administers the *coup de grâce* or not. The only thing which can now save it from this fate is the provision of a new system of nomination by vocational councils which are immune from the influences of party politics. Such a method of nomination was recommended by the recent Joint Committee of the Dail and Senate which discussed the matter but they could not agree on the details.

The Senate has also lost the picturesque personality of its chairman, Lord Glenavy, who for good reasons did not seek re-election. It was certainly a strange and somewhat cynical spectacle to see James Campbell, one-time Unionist Lord Chancellor of Ireland and former right-hand man of

* See THE ROUND TABLE, No. 72, September 1928, p. 820.

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Sir Edward Carson, presiding over the Free State Senate ; but it must be said that it was one creditable to the Free State and to him, because he loyally accepted the new era and by clever management prevented any serious friction between the two Houses, friction which in the early stages was often possible and might easily have been disastrous. It is a pity that his age renders him ineligible to undertake the representation of the Free State abroad in one of the diplomatic positions now vacant. He would have made an excellent High Commissioner in London. As it is, this vacancy is being filled by the promotion of Professor Timothy Smiddy, Minister at Washington ; Mr. MacWhite, the Free State representative at Geneva, goes to Washington. Mr. MacWhite, like Mr. Smiddy, is a Cork man, and after an adventurous career in the East, he joined the French Foreign Legion at the beginning of the war, was twice decorated, severely wounded, and afterwards went with the French military mission to the United States. He is therefore well known at Washington and has many friends in America. He was present in Paris during the Peace Conference on behalf of Sinn Fein, and has, since the Treaty, represented the Free State at the League of Nations. Legations are also to be opened at Paris and Berlin, a step which will enable our Government to acquire a more intimate direct knowledge of European politics.

The Judicial Committee of the Privy Council have delivered judgment in the special reference on the questions arising in the Wigg and Cochrane case relating to the payment of compensation to civil servants under Article 10 of the Treaty and have re-affirmed the original judgment, a decision which the Free State Government refuse to accept.* They maintain that it was never contemplated and is not right in equity that the Free State should be obliged to pay compensation to its officials on a higher scale than the

* See THE ROUND TABLE, No. 71, June 1928, p. 594, and No. 72, September 1928, p. 822.

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British Treasury. This would seem to be common sense, and if the British Government still think otherwise then they should be prepared to pay for their opinion. It is also obvious that the right of appeal to the Privy Council, however desirable it may be in the case of the other Dominions, is only a source of perpetual friction between England and the Free State and might well be abolished, or retained only as a legal fiction, which in practice it has virtually become. It must be remembered that the Free State is a parent nation in the British Commonwealth and cannot be treated as a child.

The latest move of the extreme Irish-Ireland element in the Dail has been to introduce a private member's Bill making it compulsory for law students in both branches of the legal profession to pass a qualifying examination in the Irish language before being admitted to practice. This absurd measure, introduced without the common courtesy of consulting either profession, is supported by the Government and after substantial modification in Committee it will probably become law, but as its promoters have somewhat illogically failed to make provision for the compulsory speaking of Irish by the judges, juries and witnesses it is hard to see what result will be obtained. No doubt the legal profession was chosen for the experiment on the principle of trying it on the dog. It is in one sense a confession of failure, because if the policy of compulsory Irish now applied to education does not succeed generally the failure will not be retrieved by compelling one profession to learn and, one may add, dislike the language. The Dail can make a lawyer learn the language but it cannot make him talk it. Certainly if our zealots have their way the next generation will settle the fate of the Irish language or make it an everlasting boundary between North and South. Even Mr. de Valera now admits that there is no clear cut way of solving the problem of Irish unity and that there is no use in talking too much about it. At all events he can only suggest that we must turn the Free

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State into such a paradise that the six Northern counties will want to come in and if they don't we must treat them as outlaws. The latter part of this suggestion not only shows his ignorance of Northern Ireland but his ignorance of human nature.

At all events the present Government have no aggressive intentions against anyone, for they propose to bring our army down to about 5,000 men and the cost to a million and a half. They state plainly that the army only exists to prevent any revolution taking place unless through the ballot box. There will certainly be no civil war organised by the Government party if they are defeated at the next election. If there had been no civil war in 1922 we should probably have scrapped our army before this, but the extreme Republican element, like the poor, we have always with us. Recently they have started a new organisation called Comhairle na Poblachta (The Council of the Republic) to "co-ordinate and direct the efforts of Republicans who lose sense of direction," a not unlikely event under present circumstances. It is apparently an attempt to unite the civil and military wings of the organisation. Mr. Peadar O'Donnell, who is one of the guiding spirits of this new movement, urged "the industrial organisation of the workers, the building up of armed groups within such organisation, and the connecting up with rural Ireland similarly organised." It will be noticed that there is a decided Russian flavour about this pronouncement, and it is not to be wondered at that Miss Mary MacSwiney, who, to give her her due, has never had Bolshevik leanings, is apparently not associated with this new movement. It is evidently Mr. O'Donnell's intention to arm and exploit Labour for Republican purposes, a scheme which may well have sinister results.

The Dail has adjourned till February 19, and at the moment we are having a welcome rest from legislation, oratory and politics. When it resumes it will have plenty of work to do. Several important Bills are still under

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discussion and several more are to be introduced, including probably a new Town Tenants Bill based on the findings of the recent Commission,* and a Bill dealing with the future government of Dublin. The Cork City Management Bill† has passed the Dail and will soon become law. Mr. Blythe's next budget cannot be a pleasing document. He will probably have to meet a considerable deficit by imposing fresh taxation, borrowing, or cutting down expenses. The last alternative will almost certainly be combined with the first. Both will be salutary but unpopular.

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ALTHOUGH Mr. Blythe will undoubtedly have to face a deficit and to increase taxation in his coming budget, the trade returns enable us to face the prospect with comparative equanimity, because they indicate a clear and constant progress towards economic stability. The figures for the eleven months ended November 30, 1928, show that exports have risen from £39,189,883 for the same period in 1927 to £41,088,010, and imports have fallen from £54,618,781 to £53,771,346, while re-exports at £657,000 are up by £19,000. The adverse trade balance has fallen to £12,469,000 as against £16,522,000 for the twelve months ended November 30, 1927. When it is remembered that our "invisible" exports are estimated by experts at £4,000,000 it will be seen that we have practically reached a condition of economic equilibrium, a condition which may well be turned into a credit balance in the near future. The details of the returns are equally satisfactory. In 1927 585,490 head of cattle were exported, valued at £10,747,075. In 1928 the figures were 690,833 and £12,140,259 respec-

* See THE ROUND TABLE, No. 66, March 1927, p. 347, and No. 72, September 1928, p. 824.

† See THE ROUND TABLE, No. 73, December 1928, p. 157.

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tively; that is to say there is a gain of £1,400,000 in spite of lower prices. An increased income is shown from the export of horses, sheep and bacon. The export of butter, in spite of improved prices, is 1,000 tons down, but the gross receipts are £9,000 up. Eggs brought in over £3,000,000 and show an increase both in quantity and amount realised. The agricultural statistics for 1928 show also that the total area ploughed increased by 17,833 acres, or 1·2 per cent.; the only considerable decrease is the area under wheat, which has fallen by nine per cent., an indication that the Irish farmer does not share Mr. de Valera's belief in the necessity or profit of cultivating that cereal. The total number of cattle increased by 78,132, or 1·9 per cent.; sheep increased by 143,248, or 4·6 per cent.; pigs by 5,020, or 0·4 per cent.; poultry by 130,958, or 0·6 per cent., and horses by 5,119, or 1·2 per cent.

All these figures may well inspire us with renewed confidence in the economic future of the Free State and prove that the rationalisation of our agricultural industry is bearing fruit. In the coming year the results should be even more satisfactory when the elimination of redundant creameries and the scheme for combined marketing are completed. The agricultural animals on our new coinage are certainly emblematic of our national wealth. It may well be doubted if any country in Europe can boast of more beautiful coins than these representations of horse, salmon, bull, hound, hare, hen and chickens, sow and young, and woodcock, with the harp on the obverse side, which were designed by Mr. Metcalfe, a young Yorkshire artist, and selected unanimously after open competition by a distinguished committee, comprising amongst others Senator Yeats, Dr. Bodkin, the Director of our National Gallery, and Mr. Dermot O'Brien, R.H.A., President of the Royal Hibernian Academy. They have, of course, excited the usual controversy, and some of our sensitive moralists have already denounced them as pagan symbols of our decadence.

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One can only suggest that as soon as the Censorship Bill is passed into law the censors should be compelled to call them in as subversive of public morality.

The debates on this measure in the Dail have been more courageous than was to be expected, and it has already received an amount of pertinent criticism which is refreshing. From the number of amendments proposed it is clear that it will be considerably altered in the committee stage, which is to be taken after the recess, and that the Dail does not consider the problem to be as simple as our fanatics think. Interesting speeches were made by the Fianna Fail leaders in support of moderate views, and Professor Tierney, one of the Government Deputies, proved that a censorship of books could not be made effective. But far the most caustic and sensational speech was that of Mr. Hogan, the Minister for Agriculture, who rated the Pecksniffs in no uncertain manner, and indicated that he at least had grave doubts about the Bill. He pointed out that any censorship of books would only mean a double circulation of books so censored, and that it would be very difficult to get anybody in this country fit to act as censors. For these reasons, if there was to be a censorship of books, he entirely agreed that it should be limited in the most stringent and specific way. But, it was necessary to say, there were other forms of public morality apart from sexual morality.

I listened (continued Mr. Hogan) to the debate very carefully. We are all very virtuous, and we are all very anxious to make the other fellow virtuous, and, I presume, having finished this debate, having made honest men of ourselves, so to speak, we will revert and begin to discuss nice little subtleties, whether commandeering is a proper word for robbery or theft, and I suppose the next time we are taking an oath we will call it an empty formula and push the Bible two feet away, and the next time under certain conditions it may be the proper course to embezzle the money lent. All these are questions of public morality and as the Bill stands at present all these come within the scope of the Bill. I am quite clear that Pat Murphy, who lives anywhere between Donegal and Cork, is not likely to read either Balzac or Aristophanes even in translation, but unfortunately

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he is likely to read the publications where those moralities I have just mentioned are expounded. I think this Bill should be limited as much as possible. The more it is limited the better. More harm has been done during the last four or five years by the sort of moral poison I have mentioned than will be done by all the pornographic literature that will come from France or England within a hundred years.

It may be added that no attempt was made to reply to this pointed attack and, although the Bill passed its second reading without a division, the debate proved that it has very few whole-hearted friends in the Dail. The suppression of obscene newspapers is an acknowledged need which no one disputes, but the proposed censorship of books is a sinister invasion of public and private liberty which is totally unjustified. Immorality in the Free State arises from the natural inclinations of human nature and the ordinary contacts of life, and scarcely at all from literature. The people who really read modern European literature are unfortunately an infinitely small fraction of our population. The proposed censorship will be ineffective, obscurantist and ridiculous. It is bound to advertise rather than discourage immorality. In short, it is a definitely retrograde step, and both the Government and the Dail have shown discreditable weakness by allowing it to be forced upon them without any real popular demand.

Memories of a nobler time in the history of our intellectual life have been revived by the celebration at Trinity College of the bi-centenaries of Goldsmith and Burke. In these days when we are inclined to look upon the creation of a new Gaelic literature as the be-all and end-all of our intellectual progress it is well to be reminded how much we owe to Anglo-Irish writers, but whilst Mr. Stephen Gwynn did full justice to the theme of Goldsmith, it is to be regretted that the same cannot be said of the perfunctory and scrappy address which Lord Birkenhead delivered on Edmund Burke. It cannot be regarded as a serious contribution, either as a summary of Burke's career

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or an exposition of his political philosophy. It may be that the theme and the orator were antipathetic, but certainly the result was disappointing.

The Report of the Department of Local Government and Public Health, recently issued, shows that our local authorities are not neglecting the tourist traffic, and that they are carrying on a rate-aided advertising campaign of health and pleasure resorts mainly through the Irish Tourist Association. This association received over £5,000 in contributions from local authorities in the year 1927. It may be added that this outlay has resulted in a marked increase in the number of our visitors. Roads have been specially attended to, as is shown by the fact that whilst £600,000 was paid in grants to Irish road authorities for the twelve years ended 1922, £2,500,000 has been paid for a similar purpose in the five years ended 1927. Over a million pounds per annum is also expended out of local funds on the maintenance of 45,000 miles of road. This works out at an average of £24 a mile. Public health statistics also show a marked improvement, largely due to improved housing and sanitary conditions and to the special attention paid to the notification, cure, treatment, and the investigation of causative influences in infectious diseases. The Housing Act of 1925 made available State grants of £45, £60, and £75 to private persons erecting new houses containing three, four, or five rooms, and somewhat larger grants for similar houses erected by public utility societies and local authorities. The results have been satisfactory, and by the end of 1927 there were 7,575 houses erected or in process of erection, and of this number 5,588 were in rural areas.

The friction which has arisen between the Irish Sugar Manufacturing Company,* established by Belgian experts at Carlow, and the Beet Growers' Association is a good example of the difficulties which arise in connection with

* See THE ROUND TABLE, No. 66, March 1927, p. 350, and No. 70, March 1928, p. 378.

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State subsidies for agriculture or manufactures. This factory enjoys a subsidy on a sliding scale which is automatically reduced this year. The company is consequently reducing the price offered for beet by ten shillings per ton and the beet growers refuse to accept these terms on the grounds that the company which has already paid first ten per cent. and afterwards fifteen, as well as accumulating a considerable reserve, can afford to pay the same price as last year. If the factory is to be kept going in the autumn of this year some arrangement regarding the crop must be made without delay. The effect of a cessation of manufacture would be serious in several respects. Immediate unemployment would result in the case of between three and four hundred workers who are employed at Carlow during the sugar manufacturing season, with corresponding loss to traffic and other local interests associated with the industry. Even if a compromise can be arrived at now, trouble is likely to arise again as the subsidy decreases. A contrary example of how individual enterprise can surmount artificially created tariff problems is to be found in Mr. Ford's welcome decision to convert his Cork factory into a tractor plant for the entire world market.* It is notorious that the failure of the Free State Government to enter into a customs union with England as regards motor-cars and their parts made it virtually impossible for Mr. Ford to continue the Cork plant on its former basis as a car-engine factory, save at considerable loss, and a few months ago it seemed probable that it would have to be closed down. Mr. Ford has, however, refused to be daunted by these difficulties, and is now in process of converting the Cork works into a tractor factory, a purpose for which it was originally planned and used before the post-war collapse of the exchange made tractors virtually unsaleable in Europe. He has transferred the entire machinery of his Detroit tractor factory to Cork,

* See THE ROUND TABLE, No. 63, June 1926, p. 593 ; No. 71, June 1928, p. 601 ; and No. 73, December 1928, p. 154.

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and it is estimated that at least five thousand men will be employed there within twelve months. This will be of great importance to the southern capital, which has received more than its fair share of economic blows during recent years. It will also provide an industrial outlet for the surplus agricultural population of the south which at present too often has to emigrate. It is to be hoped that the Government, which deserves no credit whatever for this new development, will take early steps to abolish the present tariff on tractor parts, from which it derives little or no revenue, and which can only hamper and irritate this new industry.

The Irish Free State.

February 1929.

CANADA

I. THE WEST

WHILE it would be too much to say that "a New West" has come into being in the last five years, the changes which have taken place in Western Canada during that time have been great enough, and indeed startling enough, to warrant the most careful attention of all students of Canadian affairs. A new independence has emerged, based on a sound economic foundation, and it is safe to predict that few parts of the world will see greater changes or advance more rapidly in the next few years than will the vast territory lying between the head of the Great Lakes and the Pacific Coast.

These changes have come about so fast that many of the consequences implicit in them are not yet fully realised, but they arise in the main from the period of comparative stagnation which lasted from 1921 to 1924. To understand them even in part, it is necessary to go still further back. When the war broke out in 1914, Western Canada was suffering severely from a period of over-expansion and unsound development. City growth had been too rapid; the country was over-railroaded; reckless land speculation both in urban and rural districts had brought about a condition of settlement that had little to recommend it save the swelling traffic receipts of the railways. This was followed by the period of war-time prosperity, based on soaring prices for wheat. Acreage under cultivation naturally expanded rapidly; farmers bought land and

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extended their holdings ; while in the cities some of the consequences of the pre-war "boom" were concealed by the fictitious prosperity bred by munitions contracts.

This prosperity lasted long after the war was over. In 1921 the crash came. Wheat prices crumbled and then collapsed utterly. Mortgage companies and banks, both of which had lost a certain amount of their habitual caution, drew suddenly back. Credits were frozen in millions, and the West as a whole relapsed into a lethargy unknown since the early 'nineties. There was a considerable exodus from the country ; business slowed down painfully ; and, most surprising of all in view of the usual fiery optimism of the sunny prairies, there was a great loss of faith in the future and a serious loss of morale. So staggering was the blow that for three years visitors to the West could mark little external change. Development almost ceased. Many warehouses and factories were inactive.

It would be difficult to say just when the tide turned. The change began at the end of a long period of very gradual convalescence. Slowly the farmers regained their strength, as their financial position improved. Losses were taken ; debts paid off ; and surplus land disposed of at low prices. Slowly the price of wheat rose. If it were necessary to find an incident to mark this change for the better, one might well point to the tour of Mr. Aaron Sapiro, a co-operative marketing organiser from the United States, and a man of tremendous platform magnetism. His visit was followed by the formation of the Alberta Wheat Pool in 1923. While Mr. Sapiro cannot be given credit for the Pool's success, his evangel roused the farmers to fever heat, and the gospel of self-help through co-operation swept over the prairies like wild fire. Saskatchewan and Manitoba followed Alberta's lead, and by the end of 1924 the Wheat Pool as it now exists was in full operation. To-day it has some 150,000 members, and since its inception has marketed with great success almost a billion bushels of wheat. The final establishment of the favourable Crows Nest Pass scale of

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freight rates on grain, and the extension of the scale to cover west-bound as well as east-bound shipments of wheat, was also an important factor, not only in cheapening costs, but in the restoration of confidence. Having been given a hard lesson, the farmers took the moral to heart, and the extension of the practice of diversified rural production has been a feature of the past five years. The farmer has learned that man does not live by bread alone, but also on livestock, butter, eggs, poultry, honey, and sugar beets, and all these commodities are being produced in increasing quantities. Rotation of crops is also being applied more and more, while the introduction of power machinery on a scale never before equalled is having an important effect in reducing costs. Especially worthy of notice is the widespread introduction of the reaper-thresher, which cuts and threshes the grain in a single operation. The development also of Garnet wheat, which ripens a week to ten days sooner than the famous Marquis, also provides evidence that science will be able to develop still other varieties of grain which can be grown with security in much higher latitudes than at present, thus pushing northward the real limit of effective settlement.

The progress of mining and the consequent development of the far North are also worthy of mention. Four-fifths of Manitoba and three-fifths of Saskatchewan lie within the Pre-Cambrian Shield, and the discovery of two great mines, the Flin Flon and the Sherritt Gordon, the construction of an eighty-five mile railway to the former property where \$200,000,000 of copper-zinc ore has been blocked out, and the virtual completion of the Hudson Bay railway, have done much to stimulate interest in mineral development. Already exploration has been carried as far north as Chesterfield Inlet, and westward across the Barren Lands to the Mackenzie River, the use of aeroplanes having made possible the carriage of prospectors and engineers into hitherto inaccessible fields. In 1928 alone more than \$5,000,000 was expended by mining companies in Manitoba,

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and this total will increase each year. This new interest in mining, together with the imminent development of the Peace River country by the two great railway systems, which have jointly purchased the Northern Alberta government-owned roads, has greatly hastened the opening of the North; and the next ten years will see an unrolling of the map without parallel in Canada since the building of the Canadian Pacific.

Urban growth has not lagged behind. In 1928 alone sixty-two new industries were established in Winnipeg, which now stands fourth among the industrial centres of the Dominion. Regina, with the construction of a big assembling plant of the General Motors Corporation and the consequent establishment of half-a-dozen allied industries, grew fully fifteen per cent. in 1928, and now boasts a population of 56,000. Calgary has 80,000 inhabitants, and will hold its position as the second city of the prairies. Cheap gas, the result of the great development of the Turner Valley oil-gas field near the city, has here laid the foundation of substantial industrial growth. Edmonton and Saskatoon, less blessed in some respects, are fast expanding as distributing centres under the influence of rural prosperity.

The most astonishing growth has taken place, however, in Vancouver. Under the joint influence of the opening of the Panama Canal, the rapid expansion of oriental trade and the cheap westbound grain freight rates, the port has fast become the busiest on the west coast of North America. From now on at least 100,000,000 bushels of wheat will be shipped each season from Vancouver, while the grain-carrying trade naturally attracts incoming cargoes and promotes the growth of industry. In the last seven years \$126,000,000 of building has been done; in the last two years 7,000 new houses have been built, and this year it is estimated that another \$60,000,000 of construction will be completed. In the interior of British Columbia there has been a great renaissance of mining, centring on the

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Trail smelter of the Consolidated Mining and Smelting Company, the biggest plant of its kind on the continent.

From this brief sketch certain main conclusions may be drawn. It is no longer possible to regard Western Canada only as a "wheat mine." Too many subsidiary sources of wealth have grown up. While agriculture will remain the mainstay of the West's economic life, there will be an increasing tendency towards self-sufficiency. Alberta coal has rendered the prairie fuel market independent. Production in 1928 attained 7,000,000 tons. The pulp and paper industry, long established in British Columbia, has invaded Manitoba, and will soon spread into Saskatchewan and Alberta. Copper and gold mining will provide further sources of revenue. One gold mine is now turning out bullion at the rate of \$60,000 a month, and within three years at least 8,000 tons of base metal ore will be treated in Manitoba concentrators and smelters. So far as industry is concerned, the West has now become too important to be treated merely as a market for Eastern manufacturers. In Winnipeg alone there are 900 industrial establishments, with a capital investment of \$150,000,000. Latest estimates for the prairie provinces suggest that there are 2,500 factories in operation, with a gross annual production of \$300,000,000. This development will mean large urban growth and the increase of the spirit of self-reliance.

While such development might be taken to mean that the land-locked prairies will develop a severe parochialism, this seems most improbable, for other factors are at work which will broaden the outlook of the Westerner. For one thing, he is no longer land-locked. In the old days, the prairie provinces stood shoulder to shoulder, fighting their battles together. To-day there is diversity of interest. From a line running north and south slightly west of Moose Jaw and Saskatoon, it is now cheaper to ship grain westward than eastward. Half the prairies thus look towards the Pacific, while the growing need of the Peace River country for a direct outlet to the western coast is also recognised.

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The result is that Alberta has temporarily lost interest in the forthcoming opening of the Hudson Bay route, once the great rallying cry of the prairies. By 1930 the port of Fort Churchill will be completed, and the most grandiose dream of Western Canada therefore nears fulfilment. Available data suggest that the northern route will prove an important traffic channel, which will bring the West much nearer to Europe than ever before. The re-orientation of trade which will ensue, if this proves to be the case, will have far-reaching results.

One of these results, important from a political point of view, is that the West would to some extent lose interest in the proposal for the deepening of the St. Lawrence waterway to handle ocean going vessels. As this project threatens to provide a vigorous political struggle in Ottawa, the fact that the West is looking partly to the Pacific and partly to the Bay cannot be overlooked, though it is certain that Western votes will always be cast in favour of the St. Lawrence-Tidewater scheme. The West feels assured that its growth will be great enough to provide traffic for all available channels of trade.

All such discussion of Western growth leads inevitably to the problem of immigration. How can the West grow if people will not come to stay on the prairies? The answer is not so difficult as it seems. Immigration in 1928, so far as the West is concerned, approached the 150,000 mark, and this figure is large enough to satisfy many minds. The West is well served by railways, and huge quantities of still uncultivated land are well within the existing railway net. This, together with the increased use of power machinery in the shape of tractors and reaper-threshers, means that the annual acreage can be expanded very greatly without any striking increase in population. In 1928 the area grown to wheat surpassed 24,000,000 acres for the first time, an increase of about two and a half millions in the last few years, in spite of the thin incoming trickle of settlers. Newcomers are welcomed, but the chief need is

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for settlers with capital to take up land near existing railways.

In view of this there are few believers in unrestricted, haphazard immigration. The experience of the West with the 8,500 miner-harvesters in 1928, of whom all but about 1,800 have since left the country, has accentuated this feeling. The miner-harvester experiment, indeed, was a failure. The alternative is assisted immigration, and these schemes, no matter how ambitious, cannot bring a large flood of settlers. The cost is too great. The result is a growing conviction that Western Canada need not worry about immigration. If conditions on the prairies are good, wanted settlers will come of their own accord. There is self-pride in this belief. The West, it is said, is too good and too proud a country to coax people to come. If they do come, they will be made welcome. If they feel no desire to come, let them stay away. At first sight this seems ungracious, but it is based on common sense. There have been many tragedies in the past, and the West has taken undeserved blame as a result. Western Canada is far from hostile to British immigration. No settlers receive a heartier welcome; but what the West wants most of all is the immigration of settlers who will make no trouble, who will work hard and prove adaptable, and who, above all, are financially independent. If such settlers could be secured from Great Britain they would be preferred over all others, including even the experienced American farmer from across the line. But the West feels little responsibility to look after the overflow from an overcrowded country, even when that country is British.

Absorption in itself and its problems, therefore, is the keynote of Western feeling. There is narrowness and perhaps selfishness in this state of mind, but there is also magnificent independence and self-reliance, and a political tradition, not old in years, but strongly rooted, of the Progressive party which reached its zenith in the post-war days of agrarian distress. It was then that the West learned

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to deal with its own problems ; it has fought its battle and won. At the time of writing two of the three prairie governments owe no allegiance to either of the Federal political parties, and the third has only kept its place by maintaining a high standard of administrative efficiency. This separation of Federal and provincial issues, the confusion of which has been a bane of Canadian political life, has been one of the most healthy developments of the New West during the past eight years, and it has been engendered by the spirit of self-help which, as seen also in the case of the Pools, has pulled the West out of its slough of despond. The narrowness of the Western point of view, therefore, has been by no means wholly evil, and the new tendencies all lead towards the development of a broader citizenship.

Before the war there was a sense of grievance in the West against the East. Now that the West is more independent, this feeling is giving way. It might be said that the prairies have lost their inferiority complex. In the field of politics, interesting developments are also possible. Broadly speaking, the urban vote in Canada is Conservative and protectionist. That vote will grow rapidly in the West, and its influence will be felt outside the cities themselves. There will be a better presentation of differing points of view. It will be a long time before the three prairie provinces again sweep *en masse* into the Liberal fold as they did in 1926, with only one Conservative returned in the whole area, and that the result of a complimentary vote to the Hon. Mr. R. B. Bennett, who has since become the Conservative leader.

The growth of other interests besides agriculture must inevitably make the Westerner more conscious of his position and responsibilities as a citizen of the Dominion ; and there was evidence of this new spirit in the hearty Western approval of the recommendations of the Duncan report on the maritime provinces, in spite of the fact that those far-off provinces were to receive direct assistance at

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a cost to the rest of the Dominion. More than all this, perhaps, is the force of the logic of the age. The whole world is drawing closer together, and the economic bonds which tie the world together are clearly recognised in Western Canada, which relies to so great an extent upon export markets for its chief livelihood.

II. RELATIONS WITH THE UNITED STATES

A SUCCESSION of episodes and difficulties have, during the last six months, abundantly illustrated the closeness of the relations existing between Canada and the United States. None of them has led to any serious friction, but they have all required delicate treatment and have produced a substantial volume of press comment on both sides of the boundary. Inevitably in connection with some of them a sentiment of grievance has developed, and it has not all been on one side. The people of Canada followed the American presidential campaign with keen interest, since they realised that the result might have important repercussions for their own fortunes ; particularly as the Republican party had definitely committed itself to a fiscal policy of higher protection, which, being chiefly designed to pacify the disgruntled farmers of the American Middle West, promised to raise the American duties on agricultural produce, and thereby to affect adversely the interests of the farming community of Canada. And now all the information from Washington indicates that a measure of tariff revision of an upward character will be undertaken at Washington by a special session of Congress during the summer months, and Canadians are for the present content to adopt a policy of watchful waiting.

The late election provided evidence, not altogether satisfactory, that the people of the United States were anxious to continue their system of liquor prohibition, but the Republican party had been compelled to conciliate the "dry" vote by specific pledges that it would ensure a more

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adequate enforcement of the Volstead Act. Ever since the United States became "dry" during the war years, the smuggling of liquor across the international boundary has been a thriving industry, and has defied all efforts to suppress it. In 1923, indeed, the two governments concluded a pact, popularly known as the anti-smuggling treaty, under which the Canadian government agreed to assist in checkmating this illicit traffic in various ways, particularly by giving notification to the American authorities about the departure of export liquor cargoes which were consigned to the United States. But the treaty did not yield any fruitful results from the American point of view, and two years ago the United States government approached Ottawa with a request that the terms of the pact should be reviewed for the purpose of making it more effective. But the Canadian government replied to the effect that the whole problem of smuggling in Canada was under scrutiny by a Royal Commission, appointed as an aftermath of the famous customs scandals, and that it preferred to await the report and recommendations of the Commission before undertaking any review of the treaty. The Royal Commission, after holding sessions in every part of Canada, submitted its report last summer, and administrative effect has already been given to many of its recommendations.

No action, however, was taken to comply with the American request for a review of the treaty until it was repeated last December by the government of the United States, which had become possessed of a fresh zeal for the enforcement of prohibition, and had conceived the idea of trying to dam back the polluting flood of forbidden liquor at one of its fountain heads. The government of Canada could not disregard the request, and accordingly a conference between departmental officials of the two countries on the subject of smuggling was arranged to take place at Ottawa. The American delegation was headed by Admiral F. C. Billard, Commandant of the United States coastguard

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service, and Dr. O. D. Skelton, Deputy-Minister of External Affairs, filled the parallel rôle in the Canadian contingent. The conference, beginning on January 7, lasted four days, but there is so far no evidence of any tangible fruits. Forecasts had appeared in the American press that the United States would demand drastic changes, including extraterritorial powers which would enable them to deal with Canadian offenders against the Volstead Act. But if such an idea was ever contemplated, the very suggestion produced such a hostile reaction in the Canadian press that it was never broached at Ottawa. The fundamental demand upon which the Americans concentrated was that the Canadian authorities should refuse any clearance certificates to vessels carrying cargoes of liquor destined for the United States. They were able to cite in support of their case a treaty with Cuba which barred all liquor shipments from that country to the United States, as well as assistance which various Central American republics are giving by administrative measures. But the Canadian delegates evinced little sympathy with the proposal. They were able to show that the liquor exports to the United States, of which the Canadian government had formal cognisance, amounting as they have done in recent years to about twenty-three million dollars per annum, must play a small part in the bootlegging problem with which our neighbours have to cope, and they contended that a complete ban upon export shipments would simply drive the traffic into underground channels, and aggravate the problem of guarding the boundary. They were also able to show that Mr. Euler, who assumed charge of the newly-created Canadian Department of National Revenue in 1927, had completely reorganised the customs and preventive services; had, even at the cost of incurring considerable unpopularity with his own party, closed many loopholes which the illicit liquor traffic had been using; and had relentlessly prosecuted many Canadian violators of the law. Moreover, they could demonstrate that he had been affording the

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American authorities every possible assistance, and had lived up honourably to the terms of the anti-smuggling pact. So a polite intimation was conveyed to the American delegates that Canada could not see her way to accede to the demand for a total ban upon export liquor shipments; but that, if remediable flaws in the system for exchanging information about liquor cargoes which had been operating could be shown, and improvements which were administratively possible could be suggested, the Canadian government would give them sympathetic consideration and do its best to oblige a friendly neighbour. With this result the American delegates had to be content, and the correspondents who accompanied them almost unanimously reported to their papers that the conference had been a "flop." It remains, however, to be seen whether the American government will accept the situation or, disregarding the evidence that Canada has an aversion to becoming an agent for the enforcement of the "dry" laws of the United States, will proceed to exercise through diplomatic channels pressure for compliance with its chief demand.

On the Pacific coast there has arisen some friction in connection with the rights of American fishing vessels to resort to Canadian harbours. The treaty of 1818 permitted them to enter Canadian harbours under stress of weather, or for the purposes of seeking "food, water, shelter or repairs"; but complaints were made that American fishing craft were disregarding the treaty, and using Canadian harbours for the purpose of landing catches and securing bait and supplies. The Department of Marine and Fisheries took action last year, and three American vessels were seized and others ordered to sea. Their owners were deeply aggrieved, and induced the Chamber of Commerce in Seattle to take up their case, on the ground that they had been honestly seeking shelter from bad weather, and had not violated the law. The Department of Marine and Fisheries, however, professes to be satisfied that its actions were justifiable, and has announced that it proposes to

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enforce rigidly the terms of a treaty which protects the rights of Canadian fishermen. The American press on the Pacific Coast continues to grumble, but Washington has shown no sign of giving official support to the aggrieved fishermen.

A friendly controversy has been proceeding over radio matters. It is impossible to treat the two countries as separate units for broadcasting purposes, and there have been repeated conferences between the officials of each country who are charged with the supervision of radio activities. Canada made demands which the United States Radio Commission regarded as excessive, and the latter body proceeded to decree an arrangement which allocated, out of ninety-five of the lengths of the "long wave" band which is used for broadcasting, only six full lengths, and a share of eleven others. The Canadian authorities have evidently elected to disregard the arrangement made by the United States Commission, for station CY.Z, which the provincial government of Manitoba maintains for broadcasting purposes, and which was allocated one of the shared lengths at Washington with a limit of 500 watts, has been authorised by Ottawa to increase its wave length to 5,000 watts. This step must conflict with the American arrangements; but another broadcasting conference has been arranged to take place in Ottawa, and hopes are entertained that an amicable adjustment may be arrived at.

Again by a strange coincidence, just at the time when American shipping interests were protesting about unfair British competition on the New York-Havana route, Canadian shipping companies were sending protests to Ottawa about the tactics of their American competitors on the Great Lakes. Canada follows the example of the United States in reserving coastwise traffic between her own ports for her own shipping, but every autumn the Canadian government by order-in-council temporarily suspends this protective provision of its navigation laws for the purpose of enabling Canadian grain to be stored throughout the

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winter on American boats which, being ice-bound in harbour, offer cheaper storage rates than do the terminal elevators. Complaints, however, have been rife that certain American vessels have been loading cargoes of Canadian grain on the pretext that it was to be stored for the winter, and have subsequently carried it from one Canadian port to another in violation of the law. Accordingly Ottawa is being asked to intervene and to terminate this particular abuse.

Some apprehension was also aroused in Canada by a report of the United States Shipping Board, which recommended as a measure of retaliation for the provision of the Canadian Customs Act restricting benefits of the British preference to goods entering direct *via* Canadian ports, that the United States should impose a special import surtax of ten per cent. on imports reaching the United States *via* Canadian ports. The recommendation has not yet been acted upon, but in addition to possible results on the Atlantic seaboard, it might easily on the Pacific coast divert from Vancouver to Seattle and San Francisco a substantial volume of American imports from the orient, which are now carried across the continent by the Canadian railways. Lumbering and other interests in British Columbia, moreover, view with dismay the prospect that the United States may double its shipping subsidies, as such a step would aggravate the handicap which results from existing subsidies enjoyed by their American competitors in the markets of the Antipodes, and China and Japan.

These are at the present the chief subjects under discussion between the two countries. Negotiations about the St. Lawrence are at present in a state of suspended animation.

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January 29, 1929.

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I. THE FEDERAL CHRONICLE

IN his budget speech in April, the Assistant Treasurer of New South Wales promised a radical change in the form in which public accounts have for years been presented to Parliament, and this promise was amply redeemed in October when the budget speech was made for the financial year 1928-9. Until now the public accounts have been presented in such a way as to offer little opportunity for well-informed criticism of public expenditure, for no one except a few public servants could understand their precise meaning. In these circumstances the Legislative Assembly could exercise little real control over expenditure, for, as Mr. Bavin, the Premier, remarked, expenditure estimates were "neither complete nor informative." Moreover, both sides of the accounts were swollen by the inclusion of the figures of gross revenue and expenditure of the various business and industrial undertakings carried on by the Government, such as railways and tramways. The first reform initiated by the new scheme was the separation of these business undertakings from ordinary government finance. Separate figures and estimates are given for each of these undertakings, and their receipts and payments are taken out of the Consolidated Revenue Fund and accounted for in separate funds. This has the additional advantage that parliamentary control of expenditure for these purposes will no longer be, as hitherto, largely nominal.

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In the next place, all government expenditure is classified under standard headings which are uniform throughout the departments and cannot be varied or altered without Treasury authority. There are two main classifications, one a functional classification, the other a "nature and objects" classification. The former makes it easy to ascertain both in the aggregate and in detail what has been spent, or is proposed to be spent, upon the various functions of government such as, for example, maintenance of law, order, and public safety, education or promotion of public health and recreation. The latter shows clearly how public money has been expended, or is to be expended, as a whole and within each department, under such headings as salaries, maintenance, working expenses, etc. By this means too, the estimates now show the whole expenditure of each department instead of as formerly only the amount to be voted under the heading of the department. In fact, for each department there is now prepared a cost statement. Hitherto it has been impossible to ascertain with any degree of accuracy the full cost to the community of any of the public departments.

Again, the sources of revenue have been classified under three headings: (1) the revenue from taxation; (2) the earnings of departments, to be known as collections-in-aid; and (3) receipts from the sale of assets. These receipts are to be paid into a separate fund and used to replace assets or to assist in the material development of the State.

Incidentally, the budget papers contain a most interesting statement analysing the total loan expenditure of the State to June 30, 1928. Such an analysis has long been overdue and, in its absence, many statements detrimental to the credit of the State have been made as to public loan policy, which have perforce gone unchallenged. The analysis shows that, of the total loan expenditure, over 75 per cent. has been expended on undertakings which return the full interest charge on the capital invested;

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over 14 per cent. return part of the full interest ; over 5 per cent. is spent on public buildings, and over 4 per cent. on works under construction. This leaves a very small residue of less than $\frac{1}{2}$ per cent. which may be regarded as absolutely lost. Put in another way, "out of the estimated interest payable on our State national debt for the year, amounting to £12,205,600, only £1,885,321, or 15 per cent., is payable from the Consolidated Revenue Fund."

For the great bulk of these reforms the Government acknowledges its debt to Mr. B. S. Stevens, the Assistant Treasurer. His political career has been remarkable, for only a few years ago he was a high official in the Treasury who resigned his position after some difference of opinion with Mr. Lang, the Labour Premier and Treasurer. At the next election after his resignation he entered Parliament as a member of the Nationalist party and, on the formation of the Bavin Government, he took office as Assistant Treasurer. With the aid of a Budget Committee consisting of highly placed officers of the public service with a knowledge of public accounts and finance, he proceeded at once to draw up this scheme, which was adopted by the Government.

These reforms are intended as the major instalment of a complete scheme, but they have already achieved their object of presenting public accounts in a clear and intelligible way, which makes plain the cost of government, and affords a safe basis of comparison for the future. It marks, indeed, the first step towards true economy in government expenditure. The scheme was well received by the press and by the public, and it is to be hoped that its success will lead other Governments in Australia to consider whether similar reforms, which would place Australian public finance on a sound footing and facilitate ready comparison and uniform statistics, may not be instituted.

In the budget speech the Premier indicated that owing to heavy new expenditure, the financial position required

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from income tax receipts an additional sum of £767,000, which he proposed to obtain by an "adjustment" under an amended Income Tax Act. In his policy speech too, he had promised, "complete and thorough review of the incidence of taxation" in order to place the burden of taxation where it could best be borne, and to give industry as much relief as possible. This promise was fulfilled by the introduction, soon after the budget speech, of an Income Tax Management Bill which was intended to supersede the old system of income taxation which has been in force without material change since before the war. The new system is much less simple than the old, but the Government explains that much of the complication is due to endeavours to close the many loopholes of evasion which were open under the old and more simple system. Until now company dividends in the hands of shareholders have been free of taxation, but companies have had to pay a flat rate of 3s. in the £. This, of course, operated in favour of the larger shareholder, and the new system attempted to redress this inequity and at the same time to give special consideration to smaller companies. It, therefore, contemplated a graduated tax on companies according to the percentage which their profits bore to the capital employed and it provided that dividends in the hands of shareholders should be taxable, with a provision for rebate. It is, however, of such a form that the larger shareholder still gains to some extent. Under the old system, too, some capital accretions arising from the sale of property were treated as taxable, but the new scheme widened the scope of this provision so as to extend it to practically all such accretions except the kind that arise from the sale of a private residence which has been used as such for a period of five years. In addition, provision was made for taxing sums received from the sale of the goodwill of a business. The statutory exemption hitherto allowed to all except companies was £300, which applied to all incomes whatever their size. The Bill reduced this amount to £250,

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but restored the old figure for the married man by allowing a new deduction of £50 for a wife. The exemption of £250, however, as is the case under several other taxing Acts in Australia, gradually disappears as the taxable income rises and it vanishes in the neighbourhood of £2,000. Finally, incomes of husband and wife are now to be aggregated for the purposes of taxation, although this provision is not to apply to a wife's property acquired before or after her marriage unless it is derived from her husband. These are the main changes wrought by the Bill, although there were some important administrative changes and many minor alterations.

If, as the cynics tell us, the principle of taxation is to "pluck the goose with the minimum of hissing," then this Bill is a most unprincipled one, for it met with an amazing outburst of opposition. This came not from political opponents but from political friends, and was sedulously fostered by the very newspapers which normally support the Nationalist party. The Chamber of Commerce, the Retail Traders' Association, and other similar bodies held meetings of protest and requested the withdrawal of the Bill. Leader-writers thundered against the Government, and self-styled "experts" on taxation filled the columns of the press with articles and letters of protest. Since most of the proposed changes are in accord with modern principles of taxation, one is forced to the conclusion that the violence of the opposition was due, in the main, to the knowledge that taxation was to be increased. In the Legislative Assembly every one of the above-mentioned changes came in for sharp criticism, and the Government, while refusing to withdraw the Bill, or to suffer any dictation from outside organisations, consented to listen to reasonable criticism and it both made and accepted amendments to the Bill in Committee. The chief of these were that company taxation was to be based on income and not on the relation between profits and capital; the clauses covering capital accretions and the taxation of goodwill

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were modified ; and the earnings of a wife were exempted from aggregation. Generally speaking, the Government yielded on no point of principle, and the Bill passed its third reading with singularly little alteration.

In the Legislative Council, too, the Bill was severely criticised, and in the course of a long debate several amendments were proposed, so that at one time it seemed as if the Government would have some difficulty in preserving it. But, in the end, the chief amendments adopted by the Council merely modified the application of the principles upon which the Bill was founded, and the Government was able to accept them. The principal modifications relate to company dividends, capital accretions, and the aggregation of incomes of husband and wife. Company dividends are only to be taxable in the hands of those shareholders whose aggregate income is taxed at a rate higher than the company rate. Taxable income still includes capital accretions arising from the sale of property, but the rate of tax is to be ascertained by dividing "profit" by the number of years for which the property was held. At the same time the period between the acquisition and sale of property, which renders the "profit" liable to taxation, is reduced. Finally, no aggregation takes place where a wife's income from a marriage settlement is less than £250, or where the marriage settlement was made before 1915.

Next year, 1929, the State of Western Australia will celebrate the centenary of its foundation, for a hundred years have passed since Governor Stirling with a handful of settlers landed on the shores of the Swan River to found the first free colony in Australian waters. Although begun with high hopes the early career of the colony was a chequered one, and it was forced by necessity to have recourse to convict labour. It was not until the 'nineties that gold proved its salvation. Mining, however, is a robber industry, and Western Australia only recently entered upon a period of more lasting prosperity with a bright future as an agricultural State.

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Australia has recently been celebrating the bi-centenary of the birth of Captain Cook, the intrepid navigator who was the first Englishman to discover the east coast of Australia and who made possible the founding both of the Australian colonies and New Zealand. Towards the end of this year there departed from our shores Griffith Taylor who may in another sense be termed a discoverer of Australia. He has left the chair of geography at Sydney University to become Professor of geography at Chicago, and Australian scientific circles and public life are both the poorer for his absence. Under his guidance we were as a nation gradually learning to substitute more sober quantitative estimates of our resources based upon the careful scientific examination of rainfall, temperature, soil and the like, for the vague talk of their alleged illimitable potentialities, so dear to the heart of the politicians. However unpopular his views may be on such topics as the mixture of races, or the possibilities of tropical settlement in Australia, his work has provided a scientific setting for our problems of development and migration which can never safely be ignored.

II. THE FEDERAL ELECTIONS

THE leader of the Federal Labour party, Mr. J. H. Scullin, was the first in the field with his policy speech which he delivered on October 4. Four days later the Prime Minister opened his campaign. Mr. Bruce enunciated four cardinal principles for which his party stood. (1) Loyalty to the Throne and to the British Empire (what a pity it is that Mr. Bruce, with all the training that two Imperial Conferences have given him, will not try to popularise the expression "British Commonwealth of Nations"!). (2) Adequate defence precautions through the development of internal resources and man-power and by co-operation with the British Navy. (3) Maintenance of

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the White Australia policy. (4) A vague declaration in favour of the continuance of constitutional government, supremacy of Parliament, and observance of the laws of the land. This was sound enough strategy.

These four principles are unexceptionable. No party whose policy rested upon a denial of them could hope to win an election in Australia. But Mr. Bruce was dealing with astute opponents. They were not going to fight on ground of his choosing. Only about the details of his defence policy would they argue with him, and that only in a vague way. The Labour party was not, they affirmed, disloyal to the Throne, the Empire, or the White Australia policy. Nor did it challenge the supremacy of Parliament, nor counsel law-breaking. In reply to this the Nationalists developed the unvarying tactics of casting doubts on the sincerity of Labour's professions of loyalty. They pointed to the affiliation of the Australasian Council of Trade Unions with the Pan-Pacific Trade Union secretariat, one of whose aims is "to abolish discriminatory immigration laws in some countries, chiefly in Australasia and America." The whole policy of the secretariat was, they said, dominated from Moscow. The red influence at work in the Labour party was too sinister to enable it to be entrusted with the handling of Australia's defence or Australia's share in Imperial affairs. Labour met this by disclaiming responsibility for the enthusiastic utterances of irresponsible members of the industrial left wing. As for the White Australia policy, had it not been originally promulgated by Labour in the face of stern opposition from Mr. Bruce's own predecessors? Thus was the argument drearily reiterated by the protagonists of both sides on every note from frenzy to extreme dullness. As a whole, the electorate refused to be interested. The principle of the White Australia policy was never really in dispute and the electors knew it. That policy is a fixed one in Australia at present. Whatever may have been its origin, it now belongs to no party. No Government, Labour or

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Nationalist, would dare to disavow it. And in this election, the question did not come into the realm of practical Australian politics. The attempt to drag it in gave the whole campaign an air of unreality which may have been the reason why this particular Federal election was one of the dullest on record.

It is, therefore, necessary to go beyond the so-called first principles of Mr. Bruce's speech in order to find the issues of the election. The Government did not propose a mass of new legislation, which was somewhat of a relief. Its chief aims were the development of Australia's resources and the increase of her population in a manner consistent with the preservation of her existing 98 per cent. British character; the improvement of the standard of living; the elimination of unemployment; and social legislation to help the aged, infirm and sick. Here, again, was a thoroughly sound programme. But how was it to be accomplished? Public interest centred mainly on the Prime Minister's attitude to the tariff. His Ministry was a composite one and relied upon the support of the Country party, which represents interests to which the present high tariff is claimed to be inimical. Recognising that an "overwhelming majority of the people of Australia subscribes to protection," he announced that his Government proposed to continue this policy. There was just a hint of possible qualification, which was perhaps all that could be expected from the Prime Minister on the eve of an election. An economic research section of the Council for Scientific and Industrial Research was to be established to work with the Statistician's office, in order to apply modern economic knowledge to the administration of the customs. And the Tariff Board was to be reconstituted and reorganised to enable it to concentrate on fundamental economic questions.

Mr. Bruce's policy speech was stiffer in this regard than the rest of his campaign. During his strenuous six weeks of electioneering up and down Australia, he flew several

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kites to test the strength of the breeze for tariff reform. The knowledge that his opponents had already declared uncompromisingly for a higher tariff may have stiffened his speech. But it was not rapturously received in Tasmania, South Australia and Western Australia, where the wisdom of a constantly mounting tariff is beginning to be doubted. Dr. Earle Page was discreet in his utterances upon this question. He confined himself mainly to a defence of the financial and defence policy of the composite Government, and to exhortations for an affirmative vote on the constitutional referendum. However, since the actual result of the elections has been to emphasise the Nationalists' dependence on the Country party, the tariff issue may be raised again.

Connected with this subject was the Prime Minister's proposal to repeal the coastal clauses of the Navigation Act. These forbid the carrying of inter-state passengers or cargo by any vessel upon which the conditions of living and remuneration do not accord with the awards of Australian industrial courts. This has had the effect of shutting out from inter-state trade all ships which are not on the Australian register. These clauses, according to the Royal Commission on Navigation, have given an effective monopoly of the coastal trade to the Australian mercantile marine, but shipping facilities have decreased, and fares and freights have increased, although there has been a considerable increase in the population and trade of Australia. Mr. Bruce proposes to allow oversea vessels to carry cargo and passengers between Australian ports, but would impose a tariff upon the cargo and passenger rates of those vessels which do not comply with Australian standards of wages and living conditions. This met in advance Labour's cry that his proposal would be an attack upon the White Australia policy, and would place the inter-state carrying trade in the hands of foreign companies employing coloured labour. The Prime Minister apparently has three objects in view. He wants to afford the

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Australian public regular and reasonably cheap marine transport, to give Australian shippers an emergency service (not necessarily dependent on Australian seamen) in times of industrial crisis, and to keep on fostering the Australian mercantile marine. This is a very laudable policy, but the administration of it is likely to be very difficult. Mr. Theodore, the director of the Labour campaign, criticised the scheme on the ground that, if the tariff is high enough, it will shut out competition from oversea ships and the present monopoly will be undisturbed. But, if the tariff is not high enough, it will ruin the existing Australian-owned coastal business. This argument fits in well with Labour's declared policy of 100 per cent. protection. It would invalidate all protective duties that were not in practice prohibitive. Mr. Theodore might have been asked whether the existing Australian-owned coastal business merits the shelter he suggests. Timber can be carried from Sweden to Australia for 5s. 6d. per hundred super feet. It costs 11s. to transport the same quantity from the north-west coast of Tasmania to Adelaide. The freight on copper from Townsville in Queensland to New York is 20s. a ton; from Townsville to Port Kembla in New South Wales it is 21s. a ton for 200 tons and 36s. 9d. per ton for less than 200 tons. It would be argued that increased costs due to increased wages awards are responsible for these startling contrasts, but even that argument does not explain away the fact that in 1921 there were 24 ships in the Australian coastal trade with a tonnage of 104,307 tons, while there are now 13 vessels aggregating 64,116 tons. Not one new passenger steamer has been added to the services since the Navigation Act came into operation in 1921. Whether this proposal will avert the periodical stoppages in traffic which have hitherto hampered this industry remains to be seen.

Labour offered the electorate very little that was fresh. It would maintain White Australia, abolish State Governors, institute Commonwealth freight and passenger steamers,

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discontinue compulsory military training, abolish Upper Houses of all kinds, and make the Commonwealth Bank into a people's bank—whatever that might mean. But its main bid for support was its fiscal policy. Mr. Scullin nailed "maximum tariff" to his masthead. This would abolish unemployment, diminish imports, build up industry and allow Australia to live at peace behind a Chinese wall of its own contriving. He blamed borrowing for accelerating the flow of imports, and asked for an affirmative vote on the referendum which would give the Commonwealth the power to regulate loans. He was not opposed to immigration but only to immigration while there was unemployment in Australia. The Labour campaign manual carefully explained how a high tariff would decrease prices, prevent exploitation of the consumer, and increase Empire trade. It warned the electors against the free-trade canker in the heart of the Bruce-Page Government. Roseate pictures were drawn of an Australia teeming with factories, and entrepreneurs tumbling over each other to establish yet more factories. Like Glendower, Mr. Theodore and Mr. Scullin claimed to call manufacturers from the vasty deep. And like Hotspur, Mr. Bruce retorted coldly "but will they come?"

The Labour policy was proclaimed with studious moderation. Labour fought the election on a high tariff, the need for industrial peace, and the shortcomings of the Government. There was no revolutionary preaching, and the class war *à la Russe* was abjured as a platform weapon. In short, the expected lions roared as gently as sucking doves.

The parliamentary election was accompanied by a referendum asking for power to be given to the Commonwealth to make agreements with the States concerning State debts and the regulation of future borrowing. No particular agreement was specified, but the Bruce Government has already prepared a scheme. This financial agreement was outlined in the last number of THE ROUND

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TABLE.* The Federal Labour party, though not supporting this agreement, was in favour of the proposed alteration of the Constitution and advised its supporters to vote "yes." Thus both parties recommended the suggested change. There were two prominent recalcitrants—one on each side. Mr. Lang, leader of the State Opposition in New South Wales, and Sir James Mitchell, leader of the anti-Labour Opposition in Western Australia, both counselled a "no" vote. Parliamentary Opposition makes strange bed-fellows.

The polling revealed substantial, if not enormous, majorities in all the States for this amendment of the Constitution. Since the establishment of the Commonwealth in 1901 sixteen proposals for constitutional alterations have been submitted to the people by referendum. Only three have been approved. In two instances the change sought was technical and non-controversial. The rejection of the other thirteen proposals suggests that our written Constitution, like others, tends to become rigid and static. The thirteen rejected proposals came from both political parties. Labour and anti-Labour have, in fact, brought forward practically identical proposals which have shared the same fate. Even in cases where the Ministry sponsoring the change has been returned with large majorities, its proposals have been decisively rejected. Whether these continuous rejections have been due to prejudice, ignorance, wisdom, or simply to habit, is an interesting political speculation. But the general effect of them has been to impart to the original Federal Constitution a sacrosanct character, not at all in accord with the empirical outlook of Australians. It may be that this habit of negation has now been broken. There are many people in the country who will be glad if it is so.

The result of the elections has been to return the composite Bruce-Page Ministry to power. But the Nationalist

* See THE ROUND TABLE, No. 73, December 1928, p. 186.

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majority has been substantially reduced. Here are the results of the last three elections :—

	1922	1925	1928
Nationalist	32	38	29
Country party	14	13	13
Country Progressive	—	1	—
Independent.. .. .	—	—	2
Labour	29	23	31

In the Senate there were 19 seats to be filled. The Nationalists have secured 10 of these, the Country party 2, and Labour 7. The state of parties in the Senate will therefore be :—

	1925	1928
Nationalist	24	27
Country party	4	2
Labour	8	7

Labour claims the result of the election as a triumph; so does the Country party. Mr. Bruce, being returned to power, says he is satisfied. There is no doubt that the Nationalist tide has receded from the flood of the '25 election. In the last Parliament, Mr. Bruce was only just dependent on the Country party. In the next, he can only govern with the consent of that party. But the really vital division of parties in Australia is between Labour and anti-Labour, and the result of this poll is to give the anti-Labour forces a definite majority in both Federal Houses.

The air is thick with explanations of Labour's gain at Mr. Bruce's expense. That gain was most pronounced in the State of New South Wales, where a Nationalist Government is in power, and where capital was made of two issues by Labour's adroit campaign directors. One was the taxation proposals of the Bavin Government to which reference is made elsewhere. Their general unpopularity was exploited in every electorate. The other issue was that of the basic wage. Following some provocative remarks by the President of the Industrial Commission, came a discussion in Parliament as to the advisability of

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proclaiming a lower basic wage in accordance with the provisions of the Family Endowment Bill. Immediately the Labour campaigners raised the cry on the hustings that the basic wage was in danger from the Nationalists. As a matter of fact neither of these two questions came within Federal competence, and they were not germane to this election at all. That, however, did not matter. They were good "election cries," and Australian politicians know that seats are won and lost on emotional appeals. The raising of these two cries in a Federal election is significant. The really sensational appeals in Australia arise in State rather than in Federal politics. Much more heat can be engendered over questions of wages, hours and standards of living than over questions of defence and the tariff. The former may not, in reality, touch the electors more closely than the latter, but they appear to do so. If ever the jurisdiction over these so-called domestic questions is transferred to the Federal Parliament, then Federal elections will become more exciting and sensational. But the raising of these issues in this Federal election was entirely illogical. Unfortunately, this does not mean that it was ineffective, which things are a commentary on the general level of modern political intelligence.

Apart from these considerations which only apply to New South Wales, there is a whole crop of reasons advanced to account for the reduced Nationalist vote. Sometimes it is faulty electoral organisation, sometimes the fear of Italian migrants, sometimes lack of economy in Federal administration, and sometimes the dissatisfaction of Tasmania and the western States. But Labour had its own troubles—the odium of the waterside strike, the dissension between extremists and moderates, the quarrel between the Australian Labour party and the Australian Workers' Union. Every election result is, of course, due to a complex of causes. But the usual electoral swing seems to be an adequate explanation of this particular result. The Bruce-Page Government has been in power since 1922.

The Federal Elections

Labour has been in the wilderness since 1916. The Government, therefore, had to fight the election on performances, while Labour had no performances to embarrass it and was able to rely on promises—a much less disconcerting weapon for the hustings. The factor of unemployment probably helped the electoral swing. It is estimated that there are over 100,000 unemployed in the Commonwealth. This means discontent, and discontent expresses itself generally in a reaction against the Government in power. During the campaign the veteran of the Cabinet—Sir George Pearce—lapsing for a moment into refreshing, if cynical, candour, acknowledged that the Government was unpopular with a great many people who nevertheless tolerated it lest a worse thing should befall them. Perhaps this is as adequate an explanation of the result as can be found.

Australia,
December 1928.

SOUTH AFRICA

I. THE CABINET CRISIS

THE division in the Labour party between the section which stood by Colonel Creswell and that which retained its allegiance to the National Council of the party led, as was to be anticipated, to a crisis in the Cabinet. Of the three Labour Ministers in the Pact Government, two, Colonel Creswell and Mr. Boydell, had repudiated the National Council as the supreme authority in the party, while the third, Mr. Madeley, strongly supported it. Their differences became so acute and found such unequivocal expression on public platforms that it became clear that no Ministry constituted upon the ordinary principles of Cabinet government could avoid a crisis. It finally came in the form of a letter addressed by General Hertzog, the Prime Minister, to Mr. Madeley informing him that he no longer placed that confidence in him which was necessary to their continued co-operation as colleagues in the Ministry. Mr. Madeley did not reply to this, as it had evidently been expected that he should, by tendering his resignation, but asked for time to consult the National Council of the Labour party as to his position in the Cabinet. The Prime Minister, however, took immediate action by offering his resignation and that of his Government to the Governor-General. The resignation was accepted and General Hertzog was immediately asked to form another Ministry, which he at once did by nominating his former colleagues with the exception of Mr. Madeley,

The Cabinet Crisis

whom he replaced by Mr. H. W. Sampson. Mr. Sampson is one of the original members, if not the founder, of the South African Labour party. He is a convinced and trusted trade unionist who has done much to promote the cause of industrial organisation in South Africa, and he has supported Colonel Creswell in his revolt against the National Council of the Labour party.

The immediate occasion of this crisis made it evident that an opportunity was being used for doing something which, on other grounds, had become necessary. It arose out of a request by a recently formed native organisation, known as the I.C.U. (Industrial and Commercial Union), for an interview with Mr. Madeley, as Minister of Posts and Telegraphs, on the subject of certain grievances among the native employees of the Post Office. The formation of the organisation—the first effective attempt of natives to organise on trade union lines—has given rise to a considerable amount of opposition and to some alarm among European employers, more particularly among the farmers of Natal. It has not been recognised as a trade union by the Government—its constitution, indeed, makes it plain that it has wider objects—and a similar request to the Minister of Agriculture to receive representatives from the union on behalf of some native employees of his department had been categorically refused. When the request for an interview came to Mr. Madeley, the Prime Minister asked him not to agree to it until the matter had been discussed in Cabinet, and he apparently understood Mr. Madeley to fall in with his wishes. Mr. Madeley, however, was, it seems, under the impression that it was open to him to see these representatives so long as they came to him not directly from the I.C.U., but introduced by the General Secretary of the Trade Union Congress, and he acted accordingly. The appointment of Mr. Sampson as Mr. Madeley's successor has been generally accepted as a sufficient proof that the principle of trade unionism was not involved in the dispute. The Prime

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Minister regarded Mr. Madeley's action as a breach of faith, and he therefore took the steps already described to relieve him of his office.

One effect of this crisis is to bring us a step nearer to a clearing of the issues between the two warring sections of the Labour party. The adherents of the National Council now have no representative in the Ministry and it will, accordingly, be easier for them to maintain the principle, which has always been latent in the disruption of the party, that they will not accept office in any Government which is not committed to the Labour programme. It is not yet clear, however, that they will go as far as to offer active opposition at the polls to the Nationalist party, or even to the rival section of the Labour party. On the contrary, it would seem probable that all three will co-operate as far as their mutual antipathies allow them to do so to prevent the South African party from obtaining a majority at the forthcoming elections.

But all speculation as to the alignment of parties at the elections will have to be subject to revision in view of the recent declaration by General Hertzog that the dominant issue will be the native question, or, as he puts it, the preservation of the white race and its civilisation. A bitterly contested election fought on that cry can hardly fail to be disastrous to that thoughtful consideration of problems associated with the relations of European and native which has made such marked advance in recent years. It will also compel the existing parties to face questions which hitherto have been studiously kept out of the controversial arena under carefully framed platitudes. That may prove to be a severe test for some of them. In any case, it will mark the end of the tradition of South African politics to deal with native questions as far as possible by agreement and not by party battles.

The Commercial Treaty with Germany

II. THE COMMERCIAL TREATY WITH GERMANY

A TREATY of Commerce and Navigation between the Union of South Africa and the German Reich was signed at Pretoria on September 1, 1928, and it is anticipated that a resolution for its ratification will be moved in the two Houses of the Union Parliament during the current session. When first published, the treaty was accorded a not unfavourable reception by the press, but during the past two months much attention has been devoted to it, not only in the press but by commercial bodies; and as the tone of the adverse comments has frequently suggested that the position is not fully understood, a short note in elucidation of the form and content of the treaty will not be inappropriate in this section.

It will not be necessary to go back further than December 2, 1924, when the Treaty of Commerce and Navigation between the United Kingdom and Germany was signed. In accordance with British practice, it contained (in Article 31) the usual provision for the optional adherence of other parts of the British Commonwealth, *viz.* :

The stipulations of the present treaty shall not be applicable to India or to any of His Britannic Majesty's self-governing Dominions, Colonies, Possessions or Protectorates unless notice is given by His Britannic Majesty's representative at Berlin of the desire of His Britannic Majesty that the stipulations shall apply to any such territory.

Nevertheless, goods produced or manufactured in India or in any of His Britannic Majesty's self-governing Dominions, Colonies, Possessions or Protectorates shall enjoy in Germany complete and unconditional most-favoured-nation treatment so long as goods produced or manufactured in Germany are accorded in India or such self-governing Dominion, Colony, Possession or Protectorate treatment as favourable as that accorded to goods produced or manufactured in any other foreign country.

As regards India, or any of His Britannic Majesty's self-governing Dominions, Colonies, Possessions or Protectorates to which the provisions of the present treaty shall not have been applied by September 1, 1926, the provisions of the second paragraph of this article shall cease to operate three months after notice has been

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given, at any time after that date, to His Britannic Majesty's representative at Berlin on behalf of the President of the German Reich.

Ratifications of the Anglo-German Treaty were exchanged by the United Kingdom and Germany on September 8, 1925. The South African Government has not availed itself of the opportunity to adhere to the provisions of the treaty, and consequently the most-favoured-nation treatment accorded by Germany to South African goods has, since September 1, 1926, been liable to termination by Germany after three months' notice.

When, in 1924, the Nationalist-Labour Government came into power in South Africa, one of the first steps it took was to overhaul the South African customs tariff and preferential rebate system then in force. It will be recalled that the Imperial Economic Conference of 1923 had recommended a system of preferences on Empire produce imported into the United Kingdom which if fully adopted would have involved new duties on food imports from foreign countries. The country declared against such duties in the English elections of that year, but in 1925 effect was given by the Churchill budget to those proposals which involved no new duties, and preferences were extended to dried and preserved fruit, tobacco, wine and sugar. The South African Customs Act of 1925 is important in this connection because it manifested a change of attitude towards Imperial preference and in addition foreshadowed a new phase in the commercial relations between South Africa and other tariff-making units. Henceforward the South African Government intended to conduct its own negotiations with other Powers, while maintaining consultation with the other members of the British Commonwealth.

The important change made in the system of preferential rebates was the abandonment of the flat rebate of three per cent., allowed indiscriminately on almost all classes of imports, in favour of varying rebates having relation to the

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severity of competition experienced by the British exporter. At the same time, however, preferences were withdrawn on many articles where the trade was likely in any case to be in British hands, with the result that the estimated loss of revenue involved was reduced (on the basis of 1924-1925 imports) from £860,000 to £300,000 on trade from the United Kingdom, and from £90,000 to £50,000 on Dominion trade. Leaving aside the debatable question of the adequacy of the rebates granted, there is at least general agreement that the new basis (which conforms with Australian and Canadian practice) is more reasonable than the former flat rate. In the Customs Tariff Act the preferences are shown as minimum rates on certain commodities applicable only on the produce and manufactures of the British Commonwealth.

In addition to the preferential rebates, the 1925 tariff schedule includes minimum rates on other commodities "in order to enable the Government to negotiate with countries outside the British Commonwealth for most-favoured-nation terms for South African produce and manufactures." In a previous issue of *THE ROUND TABLE** an account is given of the debate in the House of Assembly which resulted in the Government's agreeing to extend to Great Britain automatically and unconditionally any concessions which might be made to foreign countries as the result of such negotiations.

Just as the negotiation of a treaty with Germany is a logical result of the new tariff policy adopted in 1925 by the Union Parliament, so also can the contents of that treaty be shown to be in conformity with the attitude of the Prime Minister at the Imperial Conference in 1926. The proceedings of that conference report the following sentences in the opening speech of General Hertzog on October 19 :—

I think, Sir, it will be generally admitted that the corner-stone of [the] Empire is the will, the good-will, of those who compose it.

* See *THE ROUND TABLE*, No. 60, September 1925, pp. 820-29.

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Without that will the Empire must collapse. If, therefore, the Empire is to be maintained, if it is to flourish and fulfil that great task which we all hope it will achieve in the history of the world, we must see that the will to live in the Empire, as a Commonwealth of free nations, will in future, as it is to-day, be present and active with every one of its constituent elements.

Whether at present all the conditions are there to ensure the permanency of that will, and therefore of the Empire, is a question which I think we should enquire into at this Conference. Speaking merely for South Africa, I think they are not. South Africa is anxious to possess that will equally with every other member of the Commonwealth, but that will can be assured in the future only if she can be made to feel implicit faith in her full and free nationhood upon the basis of equality with every other member of the Commonwealth. That implicit faith she does not possess to-day, but she will possess it the moment her independent national status has ceased to be a matter in dispute and has become internationally recognised.

It is clear from his words in one of the concluding speeches on November 23 that General Hertzog left the Conference convinced that he had secured what he wanted, the international recognition of South Africa's independent national status :

I will say this, that I shall certainly leave this Conference and go back with a feeling that I do not think often happens in the history of anyone attending an important gathering such as this, that I leave fully satisfied that whatever I wanted to have and to attain has been attained at these meetings, and, what is more, that it has been attained with the full co-operation and sympathy of all when we have met together.

Throughout the new treaty with Germany, the features which have aroused comment seem all to follow inevitably from the international recognition of South Africa's independent national status.

The precarious basis on which has rested the export trade of South Africa with Germany since September 1, 1926 is in itself complete justification for the present attempt to reach a more permanent trade agreement. The treaty signed in September last follows the draft form suggested by the Imperial Conference of 1926 ; it is made

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between His Majesty the King of the United Kingdom of Great Britain, Ireland, and the British Dominions beyond the seas, "for and on behalf of the Union of South Africa," and the President of the German Reich. From answers to questions in the House of Commons (November 26 and December 5, 1928), it is clear that the negotiations were conducted in accordance with the policy of mutual consultation between the members of the British Commonwealth which was agreed upon at the Imperial Conferences of 1923 and 1926. The main content and terminology of the treaty both follow very closely the Anglo-German Treaty of 1924. A few of the articles of the latter are omitted, particularly those relating to import and export licences, the fishing and shipping trades, territorial waters and inland waterways, and, of course, Article 31 quoted above. A new clause is added (Article 25) safeguarding "the right of either party to apply the limitations or restrictions, in force from time to time in its territory, upon . . . any person belonging to or descended from any Asiatic or coloured race." The term of the treaty is two years only, subject thereafter to six months' notice, whereas that of the Anglo-German treaty was five years, with twelve months' notice. The short term is important from the point of view of the promptitude with which it would be possible to vary the range of the preferential rebates.

The first main difference between the two treaties occurs in Article 3, in which, according to the South African-German treaty, the parties agree to extend to each other "simultaneously and unconditionally, without request and without compensation" the most-favoured-nation treatment which they accord to the ships and subjects or citizens "of any other State" (*irgend eines anderen Staates*), whereas the Anglo-German treaty refers to "any other foreign country" (*irgend eines anderen fremden Landes*). The change displays the anxiety of the South African Government to preserve the international recognition

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previously referred to. The second main difference occurs in the sub-sections of Article 4, which in the South African treaty exempt from the definition of most-favoured-nation treatment any favours which South Africa may grant to Portuguese East Africa, Southern and Northern Rhodesia and the native territories in the Customs Union, and any privileges and facilities which may be granted to vessels carrying mails under contract. A third difference of interest, in that it foreshadows legislation, is Article 19: "Coasting trade, in the territories of either of the contracting parties, is excluded from the provisions of this treaty," the ships of the contracting parties being defined (Section (9) of the Protocol), as far as His Britannic Majesty is concerned, as "ships and vessels registered in the Union of South Africa."

The fourth main difference between the treaties (and the feature which has aroused the loudest comment) is in Article 8, to the main clause of which a proviso is added in the South African treaty defining the preferential rebates to be accorded only to the members of the British Commonwealth:

Any article produced or manufactured in the territories of either of the contracting parties, on importation into the territories of the other, shall not be subjected to other or higher duties or charges than those paid on the like articles produced or manufactured in any other country; provided that in respect of the goods now specifically enumerated in the existing legislation of the Union of South Africa the German Reich may not claim the minimum rates or rebates which can only be granted on such goods if produced or manufactured within Great Britain and Northern Ireland and the British Dominions, Colonies, Possessions, or Protectorates and when imported therefrom for consumption within the Union nor such minimum rates or rebates as have actually been granted to Canada and New Zealand respectively in respect of the articles specifically mentioned in Schedule II, Parts II and IV, to Act No. 36 of 1925 of the Union of South Africa.

The section does not limit the amount of the preferential rebates that may be granted; nor does it prevent the grant

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of further concessions during the period covered by the treaty, providing that in future they are to apply equally to all nations enjoying most-favoured-nation treatment ; but before new privileges on commodities not at present enumerated can be granted solely to members of the British Commonwealth, the treaty as it stands would have to be denounced. The ease with which such changes could be made, on account of the short term of the treaty and the rapidity with which denunciation could thereafter be effected, has been overlooked in recent discussions ; and no flagrant omissions have been pointed out in the schedules of commodities to which Imperial preference applies. It seems reasonable to expect critics to deal with those points.

The question arises as to the extent to which South Africa may in fact hope for economic benefits accruing to herself as a result of the further development of the preferential rebate system. In a previous article to which reference has already been made some attention was given to this aspect of this matter, and that ground need not be covered again here. Meanwhile, however, the fate of the treaty is undecided. With the elections upon us, Members of Parliament are not likely to take a long view, and there is a distinct possibility that the motion for the ratification of the treaty may be defeated in one of the two Houses. The Labour wing of the Government is by no means united in support of it. On the other hand, it is not improbable that, in due course, the Parliament which supported so enthusiastically the new tariff policy of the Government and the achievement of General Hertzog at the Imperial Conference will come to regard the form and content of the German treaty as their logical and inevitable outcome.

South Africa,
February 1929.

NEW ZEALAND

I. THE GENERAL ELECTION

A FEW days after the general election an intimate friend and former colleague of Sir Joseph Ward remarked that "the two men most surprised by the result were Coates and Ward." There was no reason why he should not have also added the name of Mr. H. E. Holland, the leader of the Labour party. And if the leaders of all three parties were surprised, so were at least 90 per cent. of their followers. The one point on which Mr. Coates and Mr. Holland throughout the campaign were in complete agreement was that the real struggle was between Reform and Labour. And the reduction of the National party at the general election of 1925 to 11 in a House of 80 and their poor showing in the late Parliament raised a strong presumption in favour of this contention. They were obviously doing far better under their new name (United party) with Sir Joseph as their leader; nominally a new one though really the hero of a hundred fights recalled to take charge of what at first looked like a forlorn hope. But that the United party still seemed to be a long way from endangering the position of the Reform Government a fortnight before the poll may be inferred from the admission of the *Evening Star* (Dunedin), a strong supporter of that party in a district where Sir Joseph's popularity is peculiarly strong. Its prediction was that "the Government, almost certainly, will go back to office."

The General Election

This was on October 31. On November 14 the electors gave the United party a lead over each of the other two parties, and the two-thirds majority of the Government had been reduced by about 50 per cent.

The campaign itself was not particularly exciting. The comparative apathy of the first week or two suggested that Labour with the greater enthusiasm and better organisation at its command would have a considerable advantage, but before the close the triangular contest was proceeding with an all-round vigour probably equal to that of an average campaign. The opening shots were fired on behalf of the Reform party by its leader, the Prime Minister, in a manifesto published on October 16, and on behalf of the United party by Sir Joseph Ward in a speech delivered the same day at Auckland. The Labour party's manifesto appeared the following day. A brief appeal was also addressed to the electors by each of the leaders the day before the poll. Mr. Coates and Mr. Holland had been touring the Dominion during the interval and delivering speeches in all the chief centres and in some of the smaller ones as well, Sir Joseph Ward was compelled by illness to curtail his programme.

The written text of their manifestos will, however, serve better than the leaders' speeches to indicate the points of the rival programmes. As the Government was on the defensive, the concern of Mr. Coates was to present its achievements as well as its plans for the future, and both sides of the case, together with his criticism of the rival programmes, were conveniently summarised in his concluding appeal, which is set out in the appendix. As might be inferred from the Prime Minister's last paragraph, the Labour party's manifesto was as severely criticised for what it failed to say as for what it said. The manifesto itself had nothing to say, and very little was heard on the platform about "the nationalisation of the means of production, distribution and exchange," which, as a Socialist party, Labour still cherishes as a fun-

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damental article of faith. The "usehold" tenure which was a much criticised point in the party's land policy three years ago has been definitely dropped. Some of the principal points in its manifesto will be found in the appendix. Sir Joseph Ward's summary at Auckland of the main points of the United party's platform is also appended.

Of all the points made in the different manifestos the one that attracted far the most attention was the £70,000,000 loan which Sir Joseph proposed to raise by the issue of Government Bonds at $4\frac{1}{2}$ per cent. interest, saleable at £95 per £100. As the cost of Mr. Downie Stewart's highly successful £5,000,000 loan worked out, as already explained in the ROUND TABLE,* at £5 3s. 5d. per cent. it is hard to see how Sir Joseph Ward can expect to raise £60,000,000 to lend to settlers at $4\frac{3}{4}$ per cent. There is the further difficulty that the State Advances Department which would have the handling of this money has already lent large sums at $5\frac{3}{4}$ per cent.

But, apart from Sir Joseph Ward's bold financial proposals, there was little in his programme to distinguish it from Mr. Coates's, except the declaration in favour of preferential voting. Under an Act passed during Sir Joseph's last administration, a second ballot had to be taken in the general elections of 1908 and 1911, whenever the leading candidate failed to obtain an absolute majority of votes; but the system proved so unsatisfactory that, when it was repealed shortly after Mr. Massey came into power in 1912, there was little regret. Nothing was, however, put in its place during the régime of the Reform party. The Labour party is now in favour of proportional representation, and its attitude towards preferential voting is uncertain. Sir Joseph Ward, however, made common ground with Labour when a motion of no-confidence was brought against the Coates Government. Some of his followers hesitated to commit themselves to support a

* See THE ROUND TABLE, No. 73, December, 1928, p. 219.

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motion of such a kind if moved by Mr. Holland, the Labour leader, who was then Leader of the Opposition; but Sir Joseph himself was emphatic.

Don't you think (he said in a speech at Invercargill)* I would be a frightful hypocrite if, criticising the way the country is being managed, I didn't vote to put the Government out? I'd vote with Mr. Holland like a shot.

Otherwise Sir Joseph Ward's short campaign was noteworthy for the energy he put into a small number of speeches and the extraordinary enthusiasm that he aroused. His Invercargill meeting was described by the *Southland Daily News* as "the most impressive political meeting ever held in the south." At Dunedin on November 10, His Majesty's Theatre, in which he spoke, was likened by the *Evening Star* to "a beleaguered citadel," and in the size and the keenness of the audiences both inside and outside the building it saw "the electrifying last-hour advance being made by Liberalism."

The result of the poll was as follows :—

United	27	Country party	1
Reform	26	Independent	1
Labour	19	Independent United ..	4
		Independent Reform ..	2

The only completely independent member, however, is the Speaker, Sir Charles Statham, and if the others were to be classed in accordance with their declared sympathies the position would be as follows (the figures for the two previous elections are also shown for the sake of comparison) :—

	1922	1925	1928
Reform	39	55	28
Labour	17	13	19
United (Nationalist)	19	11	32
Independent	5	1	1

* *Southland Daily News*, November 9.

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Of the three parties, it will be noticed that Labour has been least, and the Reform party most, affected by the swing of the pendulum, but the grossly misleading character of the test, in so far as the actual changes in the voting are concerned, is shown by the percentages of the aggregate vote polled by the various parties on each occasion. According to the calculations of the *Evening Post* of November 27, they were as follows :—

	1922	1925	1928
Reform	42·71	47·06	36·29
Labour	23·30	27·65	26·91
United (Nationalist)	30·38	20·38	30·53
Others	3·61	4·81	6·27

With 47 per cent. of the votes, the Reform party in 1925 won nearly 70 per cent. of the seats. About half the loss which it has just suffered is a mere correction of an extravagant miscalculation. The United party, on the other hand, with almost exactly the same percentage as in 1922, has increased its representation from 19 to 32—an advance of about 75 per cent. But, whatever may be said against an arrangement, common to ourselves and Great Britain, which combines utterly unscientific methods of representation with the three-party system, the extraordinary chances which are possible under it certainly give a sporting interest to our elections.

The result, as already stated, was unexpected. It comes as “a pleasant surprise even to the Liberal newspapers,” said one of them, the *Christchurch Star*. Everybody had felt certain that the Reform Government’s majority would be considerably reduced, partly because it had been obtained in large measure by a clever exploitation of Mr. Coates’s then unknown personality, and by arousing expectations which could not possibly be fulfilled; partly because the severe economic depression of 1926–27 and the collapse of the experiment in controlling the export of dairy produce had shaken the confidence of the farmers who constituted the backbone of the party, while the spread of

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unemployment had increased its unpopularity in the towns ; and partly because relying upon its majority, the Government, which had little platform ability, had seemed to take things too easily, and so failed to get credit for the solid work that it had done under great difficulties, to make up for this loss of popularity. But the completeness of its recovery from the unpopularity which had been most acute in the trough of the depression eighteen months previously had been exaggerated. At the same time, too little allowance had been made for the advantage which the United party gained in securing Sir Joseph Ward as its leader—an advantage which was probably more due to his personality than to his policy. His personal success was the more surprising seeing that he had returned to politics in 1925, since when he had not particularly impressed either the House or the country. Yet when the leadership of his reconstructed party was offered him on the eve of the general election he rose to the occasion, and not only put new life into his followers, but made a deep impression on the public. The thoroughness of the Government's defeat is emphasised by the fact that no less than four Ministers, Mr. A. D. McLeod, Mr. O. J. Hawken, Mr. F. J. Rolleston and Mr. G. J. Anderson—a third of the total—lost their seats.

The fact that the strongest of the three parties holds just 40 per cent. of the seats has naturally given rise to a good deal of speculation. Sir Joseph Ward's original contention was that, as the electors had emphatically declared their want of confidence in the Reform Government, it ought to resign at once. But Mr. Coates, whose position was much the same as that of Mr. Baldwin after the British general election of 1923, took the view that, as the electors had not expressed confidence in any other party, it was not for him to resign without first consulting Parliament. A special session was accordingly called for December 4, and on the 7th Sir Joseph Ward's motion of no-confidence in amendment of the Address in Reply was supported by the

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Labour party and carried by 50 votes to 28. Sir Joseph Ward, who after the ambiguous verdict of 1911 had been compelled to make way for Mr. Massey's first Reform Government, was thus, after the lapse of sixteen years, able to turn the tables on his opponents.

On December 10 the new Ministry was sworn in. It consisted of :—

Sir Joseph G. Ward—Prime Minister, Minister of Finance, Minister of External Affairs, Minister of Stamp Duties, and Minister in charge of Public Trust, Legislature, State Advances, Land and Income Tax, and High Commissioner's Departments.

G. W. Forbes—Minister of Lands, Minister of Agriculture, and Minister in charge of the Land for Settlements, Scenery Preservation, Discharged Soldiers' Settlement and Valuation Departments.

T. M. Wilford—Minister of Justice, Minister of Defence, and Minister in charge of Police, and War Pensions Departments.

Sir Apirana Ngata—Minister of Native Affairs, Minister of Cook Islands, and Minister in charge of Native Trust, Government Life Insurance, and State Fire Departments.

H. Atmore—Minister of Education, and Minister in charge of the Scientific and Industrial Research Department.

W. A. Veitch—Minister of Labour, Minister of Mines, and Minister in charge of the Pensions and Electoral Departments.

E. A. Ransom—Minister of Public Works, and Minister in charge of Roads and Public Buildings.

W. B. Taverner—Minister of Railways, Minister of Customs, and Minister in charge of Publicity and Advertising Departments.

J. B. Donald—Postmaster-General, Minister of Telegraphs, and Minister in charge of Public Service Superannuation, Friendly Societies, and National Provident Fund Departments.

D. de la Perelle—Minister of Internal Affairs, and Minister in charge of Registrar-General's, Statistician's, Laboratory Printing and Stationery, Audit, and Museum Departments.

J. G. Cobbe—Minister of Marine, Minister of Industries and Commerce, Minister of Immigration, and Minister in charge of the Inspection of Machinery Department.

A. J. Stallworthy—Minister of Health, and Minister in charge of the Mental Hospitals Department.

T. K. Sidey—Attorney-General, and Leader of the Legislative Council.

The team has been well received. It is not only considered to be as good a selection as the material at the

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disposal of the new Prime Minister permitted, but it provides what appears to be a far more promising alternative to the Coates Cabinet than seemed probable before the election. It was, of course, inevitable that the leader of a party which had been so long out of power should have to make use of a large proportion of untried men. The only two of Sir Joseph Ward's colleagues who have had previous experience of office are Mr. Wilford, who served in the National Cabinet during the war, and Sir Apirana Ngata, the ablest member of the Maori race—one of the ablest members, indeed, of the House—who is expected to do well with the portfolios of Native Affairs and the Cook Islands. But there are other things worth noticing about the Cabinet besides the official inexperience of ten of its thirteen members. One is that its total number is two more than the full strength of the party last session, and another that four of the new Ministers have never been in the House before. One of these, Mr. W. B. Taverner, has received the exceptionally onerous portfolio of Railways, but his record, both in business and in the public life of Dunedin, of which city he is Mayor, is such that nobody expects him to prove the weakest member of the team.

The outlook remains uncertain, but there is no longer talk of an early dissolution and the new Ministry seems likely to have a fair run. The best guarantee that there will not be another appeal to the country is the knowledge that the party, supposed to have precipitated it, would certainly be the chief sufferer. Anything in the nature of a coalition is quite out of the question, and there is at present no suggestion of any working understanding between the Government and either of the other parties. But Mr. Coates, who played the man when the numbers went up, and pleaded for "country before party," and on the no-confidence motion is generally considered to have made the finest speech of his life, is clearly going to make a broad-minded and conciliatory Leader of the Opposition. The Labour party has still less ground for a factious or

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obstructive attitude and it quite reasonably, moreover, expects the new Government to be far more to its liking than the old one. So Sir Joseph Ward will evidently be given a fair trial in a very difficult position. His most obvious danger, however, is indicated by the number and importance of his portfolios. The inexperience of the Prime Minister's colleagues has induced him to undertake what in the circumstances would have been an intolerable burden even for a strong man in the prime of life, though the way in which Sir Joseph's election campaign was interrupted showed that the time has come when he should be husbanding his strength.

II. THE LICENSING POLL

IN the licensing poll, as in the general election, the unexpected happened, and with a quite unexpected thoroughness. Twenty years ago the prohibitionists had the best of the fighting, but in recent years the disparity has gradually lessened, and on this occasion the tables were turned. Never was the propaganda for the attack so weak, or that for the defence so strong. A further set-back for prohibition seemed inevitable, but the actual event far exceeded expectation. The figures were as follows :—

		<i>Votes.</i>	<i>Percentage of Total.</i>
Continuance	374,502	51·07
State Purchase and Control	64,276	8·76
Prohibition	294,453	40·15

Not only does the continuance vote, for the first time, exceed the prohibition vote, but the two first issues in the list have now an aggregate majority over prohibition of 144,325, or nearly 60 per cent. of the total. The percentages which prohibition polled of the total vote at the last four polls are as follows :—

1919	..	49·71	1925	..	47·32
1922	..	48·57	1928	..	40·47

Appendix

At the same time the policy of local no-licence continues to hold its own in the twelve "dry" districts. The aggregate vote in these districts on the question of restoring the licences which were voted out when local option was in full operation was as follows :—

	<i>Votes.</i>	<i>Percentage of Total.</i>
Restoration	56,825	45.74
No-licence	68,755	54.74

In the Wellington suburbs district the vote against local restoration (7,317) exceeded the vote for national prohibition (5,509) by 1,808 ; in Wellington East the excess was 1,766.

APPENDIX

*Mr. Coates's Concluding Appeal to the Electors**

In one of the most difficult economic periods (said the Prime Minister) New Zealand has ever experienced, the Government, with no other desire than to act in the best interests of the whole of the country, has consolidated and promoted the primary industry of the Dominion in the following directions :—Nearly £10 millions advanced to settlers in the last three years—Rural credits (long-term advances)—Rural intermediate credits—Reduction in railway freights for encouragement of production—Guaranteed assistance to fruit-growers (mostly small men)—Stabilised prices for wheat-growers—Assistance to pork industry (great benefit to small farmers)—Assistance to poultry industry—Establishment of Massey Agricultural College for latest scientific research and herd-testing.

May I set out again a few of the essential points in the Government's programme :—Safe finance—No extravagant borrowing—Relief in taxation—Progressive public works development—Improved highways and country roads—Improved railway services—Co-operation of railway and motor interests, especially heavy traffic, and rectifying economic disabilities—Extension of hydro-electric schemes—Sound policy of land settlement based on existing legislation by assistance to part-time farmers near towns, to small holders in rural districts, to men who desire to band together in the purchase of holdings suitable for subdivision, by opening up pumice and other

* *The Dominion*, November 13, 1928.

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unoccupied lands ; all tending to increase our exports and consequently our national wealth—Assistance to primary industry by increased financial facilities—Expediting of applications now in the hands of the Advances Department from settlers and workers—Easing the burden of local rates—Encouragement of secondary industries—Public health extension—Modern vocational education—Assistance to those of our returned soldiers who are only now revealing the effects of war strain—Remedial action on analysed causes of unemployment—Promotion of industrial peace and of social welfare—Equal opportunity for all our citizens—No fanciful promises.

The Government cannot promise to work the miracle which the United party professes to be able to work. It cannot promise to reduce the national revenue and increase the expenditure and yet have no increase of taxation. We certainly do not attempt to win the public confidence by such electioneering devices. . . . Naturally the Labour-Socialist party hopes to gain seats by splitting votes in some constituencies. Wherever the three parties have representatives in the field a vote for the United candidate will be, in effect, a vote for the Labour-Socialist party.

Some Points from the Labour Manifesto

The Labour party's policy is framed to help the man who uses the land, and to handicap the speculator ; and the party on entering office as the Government will make provision for land settlement by maximum assistance to competent farmers in the development of all cultivable land now unoccupied. Purchase (compulsory where necessary) of the larger land holdings suitable for closer settlement. Settlement of acquired land on perpetual lease conditional on occupancy and use. Stimulation of closer settlement and prevention of aggregation by increased tax on large holdings of first and second-class lands. State provision of facilities necessary for the transfer of land. . . .

To restrict public borrowing to the minimum consistent with the natural development and progress of the Dominion, make full utilisation of the Public Trust Office and Post Office Savings Bank, extend the State Advances Office to provide the credit necessary for primary production and house building at minimum rates of interest, with State guarantee behind all loans raised for these purposes, and to establish a State Bank with a special department for agricultural banking.

To establish a national health insurance scheme for the payment of maintenance during sickness ; extend the family allowances system to provide an adequate payment to mothers of large families ;

Appendix

adjust old-age, widows' and other pensions to a level sufficient to maintain a reasonable standard of living; and to enter into a reciprocal agreement with other countries of the British Commonwealth for the payment of pensions.

The Labour party is neither a free trade nor a protectionist party. Its policy is to fully support the establishment, development, and maintenance of the primary and secondary industries natural to the Dominion.

At every available opportunity it has protested in Parliament against the wage reductions and salary cuts, and the treatment of the members of the public service whose salaries were unjustly reduced when the Public Expenditure Adjustment Act was passed. On its return as the Government the Labour party will take immediate steps to restore the 1914 standards, and to establish a basic wage sufficient to ensure an adequate standard of living.

The Labour party will provide for full investigation of the transport systems of the Dominion (rail, road and water) to determine the most economical method of transporting passengers and goods so as to ensure the maximum efficiency, with provision for maintaining and developing the State services.

The unemployment problem is related to immigration, and the Labour party's policy is to appoint an employment board to organise employment so as to minimise the ill-effect on the labour market due to seasonal occupations; to institute unemployment insurance on a contributory basis with equal payments from employers, employees, and Government, and to provide for the regulation of immigration in accordance with the demand for labour and the opening up of land for closer settlement.

In accord with its policy as provided in its Preferential Voting Bill the Labour party will make provision for preferential voting at all referenda when more than two issues are on the ballot paper.

The system of boy conscription now existing in the Dominion is harmful in its effect, wasteful in its operation, and entirely opposed to the British system of freedom. It is admitted by all who have studied the present system of defence that reorganisation is urgently needed. The Labour party will therefore abolish the present system of conscription, reorganise the defence system of the Dominion, and give full support to the outlawry of war, the League of Nations, and all efforts to secure disarmament by consent among the nations.

A policy of conciliation and justice will be pursued in New Zealand's administration of Western Samoa, with recognition of the right of the Samoans to participate in the government of their own country; the right of fair trial for all persons charged with offences, and provision for safeguarding the economic interests of the Samoans by the marketing of copra.

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Sir Joseph Ward's Summary of the United Party's Programme

Increased money supplies for business people, farmers, and homes for workers, both in town and country—The completion as early as possible of main railway lines now authorised—£70,000,000 to be raised in ten years in regular amounts: £60,000,000 to lend to settlers at $4\frac{1}{4}$ per cent., and 1 per cent. sinking fund for $32\frac{1}{2}$ years; and £10,000,000 to complete authorised through lines of railways; and construction of short, isolated lines to cease—Secondary industries to be fostered by subsidy rather than by a high protective tariff—Government requirements wherever possible to be procured locally—Electoral reform to ensure that successful candidates represent an absolute majority by the adoption of preferential voting—Closer settlement upon more liberal conditions and the prevention of aggregation. Acquisition of estates, voluntary if possible, but where compulsory, owners to be paid by Government bonds—Financial assistance where the nature of the land renders it desirable—A vigorous roading policy designed to assist in opening up settlement—A more expert valuation of land based on its productivity—An extension of the rural credits and intermediate credit system—Assistance for the irrigation of certain areas—A revision of the scale of income tax, making the tax more equitable in its incidence—Company taxation to be reduced and finally repealed—Customs tariff to aim at reduction in cost of living; and food supplies, not locally provided, to be free—State trading for profit is not a legitimate function of the State, and should be abolished—Non-interference in private enterprise—Government by regulation and Order in Council to cease—Taxation of commercial motor traffic to be reduced—Present system of education to be maintained—Defence: To honour our moral obligations to the Motherland—Encouragement of the tourist traffic.

New Zealand,
December 1928.

